

## SENATE

FRIDAY, NOVEMBER 15, 1963

*(Legislative day of Tuesday, October 22, 1963)*

The Senate met at 12 o'clock meridian, on the expiration of the recess, and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

O God, infinite in mercy, love, and power: We come knowing that apart from Thee, all is vanity, that all other cisterns are empty and broken, and in Thee, alone, is the fountain of life.

At this noontide altar of the Nation's faith, we seek Thy guidance and a sense of Thy nearness. Deliver us, we pray, from the sophistries of the cynical and the inclination of our own wayward hearts to self-deceit.

Grant that our hearts may be shrines of prayer, our personalities centers of contagious good will, our homes nurseries of virtue, and our Nation an inspiring bulwark for the oppressed and a flaming beacon of hope whose beams shall battle the darkness in all the earth.

We ask it in the Redeemer's name. Amen.

## THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, November 14, 1963, was dispensed with.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed a bill (H.R. 8864) to carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes, in which it requested the concurrence of the Senate.

## HOUSE BILL REFERRED

The bill (H.R. 8864) to carry out the obligations of the United States under the International Coffee Agreement, 1962, signed at New York on September 28, 1962, and for other purposes, was read twice by its title and referred to the Committee on Finance.

## TRANSACTION OF ROUTINE BUSINESS

On request of Mr. MANSFIELD, and by unanimous consent, it was ordered that there be a morning hour, with statements limited to 3 minutes.

## COMMITTEE MEETING DURING SENATE SESSION

Upon request by Mr. MANSFIELD, and by unanimous consent, the Subcommittee

tee on Internal Security of the Committee on the Judiciary was authorized to meet during the session of the Senate today.

## EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nominations on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The PRESIDENT pro tempore. If there be no reports of committees, the nominations on the Executive Calendar will be stated.

## U.S. ARMY

The Chief Clerk proceeded to read sundry nominations in the U.S. Army.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

## U.S. AIR FORCE

The Chief Clerk proceeded to read sundry nominations in the U.S. Air Force.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

## U.S. MARINE CORPS

The Chief Clerk proceeded to read sundry nominations in the U.S. Marine Corps.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

## U.S. NAVY

The Chief Clerk proceeded to read sundry nominations in the U.S. Navy.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

## ARMY AND AIR FORCE NOMINATIONS PLACED ON THE SECRETARY'S DESK

The Chief Clerk proceeded to read sundry nominations in the Army and in the Air Force which had been placed on the Secretary's desk.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of all these nominations.

The PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

## LEGISLATIVE SESSION

On motion of Mr. MANSFIELD, the Senate resumed the consideration of legislative business.

## TRANSACTION OF ROUTINE BUSINESS

The PRESIDENT pro tempore. Under the order previously entered, morning business, under a 3-minute limitation, is now in order.

## EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

## REPORT ON FEDERAL CONTRIBUTIONS PROGRAM—EQUIPMENT AND FACILITIES

A letter from the Deputy Assistant Secretary of Defense, transmitting, pursuant to law, a report on the Federal Contributions Program—Equipment and Facilities, for the quarter ended September 30, 1963 (with an accompanying report); to the Committee on Armed Services.

## REPORT ON LIQUIDATION ACTIVITIES OF RECONSTRUCTION FINANCE CORPORATION

A letter from the Administrator, General Services Administration, Washington, D.C., reporting, pursuant to law, on the liquidation activities of the Reconstruction Finance Corporation, for the quarter ended September 30, 1963; to the Committee on Banking and Currency.

## REPORT ON PROVISION OF WAR RISK INSURANCE AND CERTAIN MARINE AND LIABILITY INSURANCE FOR AMERICAN PUBLIC

A letter from the Secretary of Commerce, transmitting, pursuant to law, a report on the provision of war risk insurance and certain marine and liability insurance for the American public, as of September 30, 1963 (with an accompanying report); to the Committee on Commerce.

## AMENDMENT OF SHIPPING ACT, 1916, TO PROVIDE EXEMPTION OF CERTAIN TERMINAL LEASES FROM PENALTIES

A letter from the Chairman, Federal Maritime Commission, Washington, D.C., transmitting a draft of proposed legislation to amend the provisions of section 15 of the Shipping Act, 1916, to provide for the exemption of certain terminal leases from penalties (with accompanying papers); to the Committee on Commerce.

## REPORT ON UNNECESSARY COSTS INCURRED BY LEASING RATHER THAN PURCHASING ELECTRONIC DATA PROCESSING EQUIPMENT AT WHITE SANDS MISSILE RANGE, N. MEX.

A letter from the Comptroller General of the United States, transmitting, pursuant to

law, a report on the unnecessary costs incurred by leasing rather than purchasing electronic data processing equipment at White Sands Missile Range, N. Mex., Department of the Army, dated November 1963 (with an accompanying report); to the Committee on Government Operations.

#### AMENDMENT OF 18 U.S.C. 1114, RELATING TO ASSAULTS AND HOMICIDES

A letter from the Acting Secretary of Agriculture, transmitting a draft of proposed legislation to amend 18 U.S.C. 1114, relating to assaults and homicides, and for other purposes (with accompanying papers); to the Committee on the Judiciary.

#### REPORT ON HEALTH AND SAFETY STUDY OF METAL AND NONMETAL MINES

A letter from the Secretary of the Interior, transmitting, pursuant to law, a report on the health and safety study of metal and nonmetal mines (with an accompanying report); to the Committee on Labor and Public Welfare.

### PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, and referred as indicated:

By the PRESIDENT pro tempore:

A resolution adopted by the Commissioner's Court of Hudspeth County, Tex., endorsing the opening of a port of entry at Fort Hancock, in the State of Texas, from 6 a.m. to 10 p.m.; to the Committee on Foreign Relations.

A petition signed by William L. Secrist, and sundry other citizens of the State of Illinois, praying for the enactment of legislation to provide an amendment to the Constitution of the United States permitting prayer and the reading of the Bible in educational institutions; to the Committee on the Judiciary.

### BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TALMADGE:

S. 2308. A bill for the relief of Mrs. Rose Esther Benant, nee Rosenberg; and

S. 2309. A bill for the relief of Mr. Miklos Janos Toth; to the Committee on the Judiciary.

By Mr. MUNDT:

S. 2310. A bill to prohibit any guaranty by the Export-Import Bank or any other agency of the Government of payment of obligations of Communist countries; to the Committee on Banking and Currency.

(See the remarks of Mr. Mundt when he introduced the above bill, which appear under a separate heading.)

By Mr. JORDAN of North Carolina:

S. 2311. A bill to provide for the preparation and printing of compilations of materials relating to annual national high school and college debate topics; to the Committee on Rules and Administration.

(See the remarks of Mr. JORDAN of North Carolina when he introduced the above bill, which appear under a separate heading.)

By Mr. MCCARTHY:

S. 2312. A bill to clarify the meaning of "section 38 property" in the Internal Revenue Code of 1954; to the Committee on Finance.

### PREPARATION AND PRINTING OF COMPILATIONS OF MATERIALS RELATING TO ANNUAL NATIONAL HIGH SCHOOL AND COLLEGE DEBATE TOPICS

Mr. JORDAN of North Carolina. Mr. President, I introduce, for appropriate

reference, a bill to provide for the preparation and printing of compilations of materials relating to annual national high school and college debate topics.

During the past several years there has been an ever-increasing participation by our country's students in the organized high school and college debate contests on subjects of national significance and interest. By agreement among educators the annual high school debate topic is selected by the National University Extension Association, and the annual college debate topic is selected by the American Speech Association.

This renewed interest in the art of debate has had its impact upon Members of Congress, who have been receiving in increasing numbers requests from their young constituents for pertinent and useful information relating to the debate topics. We in turn have depended upon the Library of Congress to furnish the desired materials to fulfill the requests.

The Library's Legislative Reference Service consistently has done an excellent job of compiling the pros and cons of the various controversial issues. During the past several Congresses, however, due to the limited reproduction facilities of the Library, it has found it increasingly difficult to provide the materials in sufficient quantities to satisfy the demands of Congress. During this period committees and individual Members have initiated resolutions resulting in the printing of certain of the compilations as Senate or House documents.

While these efforts, of course, have been helpful, there has been no consistent or regular approach to the problem. Sometimes Members of one House have been overlooked, sometimes the number of printed copies has been insufficient, and sometimes the compilations have been made available too late for their most effective use. Also, there is no assurance that the necessary printing resolutions will be forthcoming, since committees generally show a natural reluctance to sponsoring publications of pros and cons on subjects upon which sooner or later they may have to express definite and specific views.

Mr. President, the bill which I am introducing today, with the strong endorsement of the Librarian of Congress, would establish the following standard procedure in respect to the compilation and printing of the materials relating to the annual national high school and college debate topics:

First. The Library of Congress would continue the function of compiling the pros and cons, a service it has rendered to Congress for almost two decades;

Second. Each year the compilation on the high school debate topic would be printed as a Senate document and the compilation on the college debate topic would be printed as a House document; and

Third. The Joint Committee on Printing would be authorized and directed to print additional copies of the documents in such quantities and distribute them in such manner as would most economically and equitably fulfill the needs of Members of Congress.

During the present session Congress agreed to Senate Concurrent Resolution

48, which authorized the printing of 51,330 copies of the high school debate document at an estimated cost of \$7,462.34, and House Concurrent Resolution 212, which authorized the printing of 16,125 copies of the college debate document at an estimated cost of \$2,748. As is the customary practice, the copies were pro-rated equally to Members, and as is often the customary effect of this arrangement, some Members quickly exhausted their supplies while others were left with excess copies of documents of short-lived value. This bill would permit a reduction in the number of printed copies—and a corresponding reduction in cost—by authorizing the Joint Committee on Printing to obtain copies and supply them to Members solely on the basis of indicated need.

Mr. President, since it has now become an established practice for high school and college students to write to their Representatives in Congress for debate materials, and since the Members themselves are not about to deny these requests from their youthful constituents, it seems to me we should substitute a standard procedure for the random methods we have employed for the purpose over the past several years. This bill would establish such a standard procedure, and I commend it to the sympathetic consideration of my colleagues.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 2311) to provide for the preparation and printing of compilations of materials relating to annual national high school and college debate topics, introduced by Mr. JORDAN of North Carolina, was received, read twice by its title, and referred to the Committee on Rules and Administration.

### NOTICE OF HEARING ON PROPOSAL TO EXTEND THE ACCELERATED PUBLIC WORKS PROGRAM

Mr. McNAMARA. Mr. President, on behalf of the Senate Committee on Public Works, I wish to announce the formation of an ad hoc subcommittee to consider pending legislation to extend the accelerated public works program.

The subcommittee will be under the able chairmanship of Senator JENNINGS RANDOLPH, of West Virginia. Other members of the subcommittee appointed are Senator YOUNG of Ohio; Senator MUSKIE, of Maine; Senator GRUENING, of Alaska; Senator MOSS, of Utah; Senator COOPER, of Kentucky; and Senator FONG, of Hawaii.

The PRESIDENT pro tempore. Is there further morning business to be submitted? If not, morning business is closed.

### AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 7885) to amend further



the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from South Dakota [Mr. MUNDT] for his amendment No. 305 to the committee amendment, as amended.

The pending amendment will be stated.

The LEGISLATIVE CLERK. In Mr. MUNDT's amendment (No. 305) to the committee amendment, as amended, on page 54, after line 4, it is proposed to strike out, in line 8, after the words "purchase of," the words "grain or", and in the same line to strike out, after the word "product," the word "thereof."

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from South Dakota to his amendment No. 305, on page 54 of the committee amendment, as amended.

#### DO WE REALLY NEED ALL THIS URANIUM?

Mr. SYMINGTON. Mr. President, on Friday, November 8, I placed in the RECORD a colloquy between the Chairman of the Atomic Energy Commission and myself which occurred at a meeting on August 14, 1963, of the Senate Foreign Relations Committee.

Since that time we have been forwarded a copy of the fiscal year 1963 financial report of the Atomic Energy Commission.

This report is quite interesting. It would appear to show that even though construction costs dropped from \$1,215 million in 1954, to \$411 million in 1963, the number of operating contractor employees has increased from 73,000 to 115,000; and administrative expenses have nearly doubled, from \$34,671,000 in 1954, to \$67,068,000 in 1963.

During these 10 years—1954 through 1963—the total cost of Atomic Energy Commission operations was \$21.3 billion.

More interesting, however, is the fact that procurement of raw materials has more than tripled since 1954. The cost of said raw materials has increased from \$142,793,000 in 1954 to \$477,873,000 in 1963.

It is my understanding that the Department of Defense gives its requirements to the Atomic Energy Commission; but, surely, with all the discussions incident to overkill, and so forth, and with the many billions—\$4.68 billion—previously spent on raw materials in the past 10 years, along with the many additional billions—\$6.76 billion—spent in the 10 years previous for the production of nuclear materials, and the many billions—\$4.48 billion—on top of that spent for weapons development and fabrication of nuclear weapons, along with the many billions—\$3.08 billion—additional on top of all those previous billions that have been spent for development of nuclear reactors, there should be some place, at some time, where we could reduce this gigantic and most expensive program without affecting the security of the United States.

Although I have had some experience with balance sheets, it is difficult to

understand the figures as expressed in this report of the Atomic Energy Commission. Even though these billions and many billions more for construction and equipment have been spent since 1953, the assets of the Atomic Energy Commission apparently have increased very little.

I am sure there are adequate and proper explanations for most, if not all, of these questions; and I would hope there could be some public hearings, so as to present as much of this information as possible before the American people, especially with respect to these continuing purchases of raw materials, running into billions and billions of dollars.

There would appear no more reason for classifying much of this information than there was for classification of the information on various other stockpiles.

#### CRITICISM OF SENATE OPPONENTS OF FOREIGN AID PROGRAM OF THE ADMINISTRATION AND THE FOREIGN RELATIONS COMMITTEE

Mr. MORSE. Mr. President, in this morning's Washington Post, an alleged newspaperman by the name of Joseph Alsop has published a scathing criticism of the Senate opponents of the wasteful, inefficient, and corruption-producing foreign aid program of the administration and the Foreign Relations Committee.

This is the Alsop who is the well-known lackey of the Pentagon Building and the State Department. His war-mongering columns for a long time past have demonstrated his disregard for, and presumably his ignorance of, the checks and balances system provided by our constitutional fathers and indelibly written into the Constitution itself.

His writings give the impression that he would be happier if the President of the United States were given dictatorial powers similar to those of many of the Fascist leaders of the world whose regimes Alsop seems to admire so much.

He gives the impression that he would like to be an intellectual snob, but lacks the intellect to be a snobbish about.

I am very proud of my enemies, particularly the members of the yellow press; and I am highly complimented to have this gutter journalist confess his enmity to me in his irrational, White House bootlicking column of this morning.

I ask unanimous consent that his column entitled, "The New Know-Nothings," be printed in the RECORD, inasmuch as it is such devastating proof of his own know-nothingism.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Nov. 15, 1963]

#### THE NEW KNOW-NOTHINGS

(By Joseph Alsop)

In the tedious but crucial struggle over the foreign aid bill, the old tradition of national-minded bipartisanship has been saving President Kennedy's bacon.

In the preliminary wrestling with the bill in the Senate Foreign Relations Committee, the senior members of the majority and the minority, Senators WILLIAM FUL-

BRIGHT, of Arkansas, and BOURKE B. HICKENLOOPER, of Iowa, acted together as partners.

Senator HICKENLOOPER is not widely known for his reluctance to take a good, hard, partisan whack at the Democrats whenever he sees a chance to do so. He thought that the foreign aid authorization that Senator FULBRIGHT wanted the committee to approve—\$4.2 billion—was a bit on the high side. But when FULBRIGHT argued that "we've got to give them something to cut," HICKENLOOPER loyally went along.

Again, when the leadership belatedly discovered the power of the new surge of know-nothings in the Senate, a hasty strategy meeting to discuss the best blocking tactics was strictly bipartisan, and was even held in the Republican cloakroom. The majority and minority leaders, Senators MIKE MANSFIELD, of Montana, and EVERETT DIRKSEN, of Illinois, joined with FULBRIGHT and HICKENLOOPER in the decision to make a voluntary preliminary cut of \$385 million in the committee total, in order to forestall worse cuts by the new know-nothings.

Since then, through the long, squalid, and still unfinished struggle on the Senate floor, DIRKSEN, HICKENLOOPER, and a good many other Republicans have continued to stand four-square for national-mindedness and bipartisanship.

Meanwhile, the President's bill has been under bitter, persistent partisan attack by Democratic Senators, with a group of liberal Democrats, headed by the ineffable Senator WAYNE MORSE, of Oregon, leading the attackers. Even that famous Republican conservative, Senator BARRY GOLDWATER, of Arizona, had been kinder to the foreign aid program than the new Democratic know-nothings, for he has at least been absent for almost every key vote.

The most dramatic vote, though not the closest, was on MORSE's motion to gut the bill for good and all, by recommitting it to the Foreign Relations Committee. Twenty-eight other Senators voted with the Oregon paragon, and 20 of them were Democrats.

Another MORSE amendment, to cut the Development Loan Fund by \$25 million, carried by a vote of 42 to 40, and 24 of the MORSE adherents were Democrats. Embittered southerners, like RICHARD RUSSELL, of Georgia, and HARRY F. BYRD, of Virginia, have of course followed MORSE, gladly yielding him the leadership on this occasion.

MORSE's deputy commander in the attack has been the old New Dealer from Alaska, Senator ERNEST GRUENING. So-called liberals who have joined MORSE are FRANK CHURCH, of Idaho, ALBERT GORE of Tennessee, the former Secretary of Health, Education, and Welfare in the Kennedy cabinet, ABE RIBICOFF, of Connecticut, STUART SYMINGTON, of Missouri, and STEPHEN YOUNG, of Ohio, plus HENRY JACKSON, of Washington and WILLIAM PROXMIRE, of Wisconsin, on the fund cut.

Besides trying to gut the foreign aid bill in every other way, the new know-nothings have put forward an astonishing number of backseat driving amendments. "Some people," Senator HICKENLOOPER has said grimly, "want to turn the U.S. Senate into another committee on the conduct of the war, which helped the South more than Robert E. Lee."

The result, beyond much doubt, would be a half-crippled foreign aid program. The Alliance for Progress, for instance, will be lucky to get \$525 million—apparently because Senator MORSE and his friends are reluctant to allow the United States to spend as much on the prevention of communism in Latin America as the Communist bloc is now spending for the sole purpose of propping up Fidel Castro in Cuba.

If the effort in Vietnam is not weakened, all other military aid programs will have to be cut drastically. Thus old and tried allies which cannot otherwise afford their present

levels of defense, like Turkey, Greece, Nationalist China, and South Korea will be hit where it hurts most—apparently because Senators SYMINGTON and RIBICOFF think it is a bad bargain to add this strength to our side at one-tenth the cost of an equal number of American troops.

Finally, development loans, which offer the best hope of future progress and are also to be repaid in the end, will be cut to the point of grave damage to American foreign policy. In short, the national interest is under heavy attack. It would be more comprehensible if the attack had a partisan motive; but peevishness, alas, is the only motive now identifiable.

#### INVESTIGATION OF THE POLICE DEPARTMENT

Mr. MORSE. Mr. President, downtown there is a District of Columbia Policemen's Association. The president of the association is Pvt. George W. Whaler. Private Whaler, acting in behalf of the policemen's association, has issued a news release which is highly critical of the senior Senator from Oregon because he does not belong to their mutual admiration society in relation to the Chief of Police of Washington, D.C., Mr. Robert Murray.

I made a speech on the floor of the Senate on November 7 in which I commented upon the testimony of the chief of police before the Senate District of Columbia Committee on the so-called omnibus crime bill that is pending before the committee. In my judgment, the bill contains several sections which would contravene basic constitutional guarantees of freedom of the people that live in this city under the Washington, D.C., Police Department.

I ask unanimous consent that the news release of the Washington, D.C., Police Association be printed at this point in my remarks.

There being no objection, the news release was ordered to be printed in the RECORD, as follows:

##### WE DISAGREE WITH SENATOR MORSE

We are not always in agreement with Senator WAYNE MORSE, of Oregon, but we have admired him and considered him a good friend and staunch supporter of our police force and of all law enforcement officers. It is not pleasant when a person you have admired and relied upon lets you down. We of course knew that the Senator approved the Mallory rule, disapproved of arrests for investigation, and opposed any change in the criminal laws which would give the police here more leeway in the fight against crime. With his liberal philosophy it was to be expected that he feel the way he does. Although we believe that he and all others, who are more concerned with the rights of criminals than the rights of law abiding citizens to be safe and secure, are making a terrible mistake, we knew that he was sincere and we did not think we had lost him as a friend.

We were disturbed, however, when on October 14, speaking before the Corrections Conference of the Health and Welfare Council, Senator MORSE said, "I warn the citizens of this community that the Police Department here and in other cities must always be subjected to constant vigilance. . . . Unchecked practices exercised by a police department results in a loss of personal, individual freedom." It is not exactly uplifting

to the morale to have a friend say that you must be watched, but we rationalized the Senator's statements by conceding that he could hardly exempt our force if he was saying that all citizens should be aware of the manner in which their police departments are being operated. For our part we would rather have constant vigilance than continuous apathy. In this talk we had not been accused of wrongdoing or misconduct, so, although some concern was expressed at our monthly meeting on October 15, it was generally believed that we could still count upon Senator MORSE as a friend and supporter.

It seems that we were overoptimistic. On Thursday, November 7, in a speech from the Senate floor, Senator MORSE demonstrated that he had really turned against us. This was no general criticism of all law enforcement but a tirade directed against us, our Chief, and the manner in which he had and wished again to operate our Department. After admitting that he had not attended even one hearing of the Senate District Committee on the House-passed crime bill, H.R. 7525, the Senator accused Chief Murray of seeking "police state" powers. He said that the Chief was trying to effect a change in the restrictive Mallory rule, "through a great deal of misrepresentation." We are not expert wordsmiths like the Senator but to us this seems tantamount to charging Chief Murray with making false statements in trying to gain excessive and sinister power.

It can hardly be disputed that all Chief Murray is trying to accomplish in supporting this crime bill is to regain and restore some of the effectiveness our Department had in fighting crime before the restrictive Mallory rule and before we lost the right to make investigative arrests. Is Senator MORSE therefore saying that prior to the Mallory decision, and prior to the banning of arrests for investigation, we were operating with "police state" methods? This is a trite and tired cliché at best. When it is uttered by a Senator who claims to be an authority on law and law enforcement it is an insult to our Chief and to every man on the force. Is the Senator saying that we are somewhat akin to a gestapo now prevented from terrorizing and abusing the people of the community by certain rules? He leaves little doubt that this is exactly what is implied when he says, "I believe that the Mallory rule is vital to the protection of the people of the District of Columbia—particularly to the colored people of the District." Specifically referring to the power to arrest for investigation that Senator says, "Colored person after colored person has told me that if such power were given to the District of Columbia Police Department they would tremble as to what would happen to them after they got to the police precinct houses in the District of Columbia."

No other interpretation can be placed upon this statement by the Senator except that when we did have such power we were guilty of abuse, brutality, and third-degree methods. Indeed, he emphasized this with a few more low blows in his Senate speech when he included in the RECORD a London newspaper article about alleged police brutality in Sheffield, England, along with another article about the third-degree methods of the New York City police many years ago. The Senator is really hard pressed to make his point when he has to cross the sea to England and go back a quarter century in New York City for material.

In April 1960, Senator MORSE was a guest—an honored guest—at the regular monthly meeting of our association. The Mallory rule was then in effect, in fact, after 3 years of freedom Mallory had just been arrested for rape in Philadelphia. In 1960 we still had the right to hold suspects for investigation and to question them before we made

hasty decisions as to their guilt or innocence. This is the power that Senator MORSE says would make "colored persons . . . tremble about what would happen to them" if it were renewed. If Senator MORSE was worried about our "police state" methods and the "unbridled use of police authority" it certainly was not evident on the evening of April 19, 1960. He lauded the individual members, he praised the force as a whole, and in particular he complimented Chief Murray.

What kind of man is this? Does he think that we men of the force and our Chief have changed so much in 3 short years? Does he really believe that if a portion of the authority we had when he praised us so lavishly were restored that we would turn into some sort of a gestapo? The Senator goes too far. He has a perfect right to support the Mallory rule and to resist any attempt to modify it—but not with methods and words that are an insult to a fine Chief and to a force he called a short 3 years ago "one of the finest in the world."

The current opinions of the Senator might be more readily understood if we had some assurance that he is as much concerned about the citizens of his own State of Oregon as he is about the "people of the District of Columbia—particularly the colored people." Do the State courts of Oregon or the municipal courts of that State invoke the Mallory rule, the McNabb decision or the Durham rule? Is it not true that the police in both the large and small cities of that State use the same power of investigative detention—by whatever name it is called—that the Senator is so concerned about here in the District? If so, does the Senator expect to do something about that situation or is he only concerned with the problem here?

GEORGE W. WHALER,

President, Policemen's Association of the District of Columbia.

Mr. MORSE. I wish to speak a moment as chairman of the Public Health, Education, Welfare, and Safety Subcommittee of the Senate District of Columbia Committee that has jurisdiction over the Metropolitan Police Department. The news release states that in April 1960, I spoke to the Policemen's Association, and that I was high in my praise of the chief of police and the police department. That was 3 years ago. It occurred at about the time that a former high District of Columbia official called upon me in my capacity as chairman of the subcommittee that has jurisdiction, so far as the Senate District of Columbia Committee is concerned, over the Police Department. He said that some serious attacks, sub rosa, were being made on the chief of police, and he was satisfied that there was a move on foot to try to have the chief of police removed. I knew nothing about them. He said, "Well, will you talk with him." I said I would be delighted to talk with him.

The chief of police came up and spent an hour with me. He went over the criticisms which he alleged were being circulated in this community which I had not heard about. He told me what his position was on those criticisms. He assured me that there was no basis in fact for any of them. He made a very favorable impression on me. That was 3 years ago.

I told him if the facts were as he pointed out, he could be sure that as far



as I was concerned—speaking only for myself—I would have no truck with that kind of “smear” campaign. I have been too accustomed to being the victim of such campaigns myself.

I have studied the operations of the Metropolitan Police Department during the past 3 years. I have criticized the Department on various occasions. Come the first of the year—I cannot see how we can possibly proceed with it until after the first of the year—I intend to deal with the problems of the Metropolitan Police Department in depth—in great depth—and between now and then I shall submit to Commissioner Tobriner, who I understand is the commissioner who has charge of the police department, a series of questions from time to time for him to answer preparatory to my proposal to investigate the police department in depth, including the chief of police.

I am not so sure that a preliminary investigation on the basis of what I already know about the police department does not call for the appointment of a special crime commission to proceed with an investigation similar to crime commissions that have been appointed from time to time in other parts of the country to investigate police departments.

Mr. President, except for one additional comment, that is all I shall say on the subject today. I should like to have Mr. Tobriner advise me as to how much time, if any, Mr. Whaler has been spending on duty hours lobbying for the District of Columbia Policemen's Association and the Police Department. I should like to have Mr. Tobriner also find out a few more facts about Mr. Whaler's conduct. I shall submit to him within a few days, by way of a formal request in my capacity as chairman of the subcommittee of the Committee on the District of Columbia that has jurisdiction over the police department, a list of the facts that I desire.

I wish Mr. Tobriner, Mr. Murray, the Police Department, and the executive board of the District of Columbia Policemen's Association to know that I intend to see to it that the people of the District of Columbia are served by a police department that is free from a good many of the abuses that I shall not now proceed to disclose for public information. What is needed is a thorough investigation of the Police Department of the District of Columbia. I shall urge such an investigation, and do everything I can in my capacity as chairman of the Public Health, Education, Welfare and Safety Subcommittee to bring it about.

I ask unanimous consent that the articles on the subject published in last evening's Washington Star and this morning's Washington Post be printed at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Evening Star, Nov. 14, 1963]

#### POLICE GROUP CALLS MORSE TALK AN INSULT

The Policemen's Association today accused Senator MORSE, Democrat of Oregon, of “an

insult to our Chief and to every man on the force.”

In a two-page press release, the association criticized the Senator for a Senate speech he had made on “police state powers.” He accused Chief Murray of seeking police state powers. The association said he also accused the Chief of “a great deal of misrepresentation” in championing the repeal of the Mallory rule, which police feel restricts their powers of interrogation.

The association represents some 2,700 members of the 2,900-man Metropolitan Police Department. The statement was signed by the association president, Pvt. George W. Whaler, of the 14th precinct.

Noting that in April 1960, Senator MORSE was a guest at an association meeting and praised both Chief Murray and the force as a whole, the association release asked:

“What kind of man is this? Does he think that we men of the force and our Chief have changed so much in 3 short years? Does he really believe that if a portion of the authority we had when he praised us so lavishly were restored, that we would turn into some sort of a gestapo?”

The statement concluded by noting that police departments in the Senator's home State have the power of investigative detention denied to District police, and wondering if the Senator planned to do something about conditions in Oregon. The Senator has answered similar criticism in the past by pointing out that he is a Federal, not a State, legislator.

An aid to Senator MORSE said he would try to get a copy of the association's statement for the Senator, who might have some comment after he had read it.

[From the Washington Post Nov. 15, 1963]

#### POLICE ASSOCIATION CRITICIZES MORSE TALK

##### SCORING FORCE

The Policemen's Association of Washington sharply criticized Senator WAYNE MORSE, Democrat, of Oregon, yesterday for a congressional speech he made November 7 scoring the force and its chief.

MORSE's speech touched on Chief Robert Murray's support of the omnibus crime bill, a measure that already has passed the House.

One of the main arguments against the bill, an argument that MORSE used, is that it would weaken the Mallory rule. The rule comes from a Supreme Court decision and forbids use in Federal prosecutions of confessions obtained during an unnecessary delay before arraignment of a suspect.

In a two-page statement, the association said:

“After admitting that he had not attended even one hearing of the Senate District Committee on the bill, the Senator accused Chief Murray of seeking police state powers. He said that the chief was trying to effect a change in the restrictive Mallory rule through a great deal of misrepresentation and this seems tantamount to charging Chief Murray with making false statements in trying to gain excessive and sinister power.”

The association said MORSE had gone too far and had no right to insult a chief and a force he called a short 3 years ago one of the finest in the world.

In other statements yesterday dealing with the crime bill, the National Capital Area Civil Liberties Union defended the Mallory rule and the National Association of Broadcasters expressed fear about certain anti-obscenity sections of the measure.

The Civil Liberties Union called the bill a “barefaced repudiation of the Federal rules of criminal procedure.”

The Broadcasters expressed complete sympathy for the objectives of the bill's anti-obscenity sections, but the proposals were

viewed as duplicating laws already existing and tending toward a broad system of censorship.

#### LEADERSHIP AWARD TO SENATOR LISTER HILL OF ALABAMA BY THE JOSEPH P. KENNEDY, JR., FOUNDATION

Mr. MANSFIELD. Mr. President, an article in this morning's Washington Post notes that one of our colleagues, Senator LISTER HILL, of Alabama, has been selected by the Joseph P. Kennedy, Jr., Foundation for a leadership award in pioneering the fight against mental retardation. The article mentions that President Kennedy will present the award to the winners at a dinner in New York City on December 4. Senator HILL was chosen, the article goes on to state, by the foundation in recognition of his leadership and advocacy of legislation to benefit the mentally retarded. It was his sponsorship and hard work that in great measure led finally to the establishment of the National Institute of Neurological Diseases and Blindness.

I would like to offer congratulations for myself and on behalf of the entire Senate to our friend and colleague for this fine acknowledgment of his work. It represents one more recognition of his outstanding qualities as a legislator and humanitarian.

I ask unanimous consent that the article to which I have referred be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### SIX ARE PRESENTED KENNEDY AWARD FOR WORK ON MENTAL RETARDATION

Six men who, in different ways, have pioneered in helping the mentally retarded yesterday won \$225,000 in awards from the Joseph P. Kennedy, Jr., Foundation.

President John F. Kennedy will present the awards to the winners—two of them Members of Congress and two foreigners—at a dinner in New York City on December 4 in behalf of the foundation named for his older brother, who died in World War II.

Sargent Shriver, the foundation's executive director, said the amounts of individual awards would be announced on that date.

Winners of leadership awards were Senator Lister Hill, Democrat, of Alabama; Representative John E. Fogarty, Democrat, of Rhode Island; and Gov. Bert T. Combs, of Kentucky.

Cited for scientific research was Dr. Lionel S. Penrose, professor of eugenics at University College, London.

An American and a Frenchman shared the service award. They are Dr. Grover Francis Powers, professor emeritus of pediatrics at Yale University and Dr. Robert P. L. Lafon, professor of neuropsychiatry at the University of Montpellier.

Senator HILL, 68, was named for his leadership and advocacy of legislation to benefit the mentally retarded. He was a sponsor of the legislation that led finally to the establishment of the National Institute of Neurological Diseases and Blindness.

Representative FOGARTY, 40, the youngest winner, was hailed as an ardent spokesman for programs to aid mental retardation and for his leadership in the House.

Combs was cited for his key role in organizing programs in his State. He convinced

the masses that something could be done for the mentally retarded.

Dr. Penrose was cited for his 30 years in multiple contributions to the study of mental retardation. He is 63 and published the first large-scale systematic attempt to identify specific etiologic factors in defective children.

Dr. Powers, at 76 the oldest winner, was named for being an acute investigator of mental defects, a teacher of doctors, and a dedicated leader in organizing services for the retarded.

Dr. Lafon, 58, founded the Institute of Mental Retardation for training doctors, teachers, and social workers. He is considered a leader in organizing facilities for the care of the retarded in France.

#### ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I should like to call up two noncontroversial bills at this time and ask for their immediate consideration.

#### ADDITIONAL EXPENDITURES BY COMMITTEE ON APPROPRIATIONS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 623, Senate Resolution 225.

The PRESIDING OFFICER (Mr. BURDICK in the chair). The resolution will be stated.

The LEGISLATIVE CLERK. A resolution (S. Res. 225) authorizing additional expenditures by the Committee on Appropriations.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the resolution.

Mr. JAVITS. Mr. President, may we know what the resolution is?

Mr. MANSFIELD. It is a \$10,000 additional request by the Committee on Appropriations. It is a normal procedure.

The resolution was agreed to, as follows:

*Resolved*, That the Committee on Appropriations hereby is authorized to expend from the contingent fund of the Senate, during the Eighty-eighth Congress, \$10,000, in addition to the amounts, and for the same purposes, specified in section 134(a) of the Legislative Reorganization Act, approved August 2, 1946, and Senate Resolution 128, agreed to May 9, 1963.

#### PRINTING AS SENATE DOCUMENT WITH ILLUSTRATIONS "U.S. ASTRONAUTS"

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to Calendar No. 624, Senate Resolution 219.

The PRESIDING OFFICER. The resolution will be stated.

The LEGISLATIVE CLERK. A resolution (S. Res. 219) to print as a Senate document with illustrations, a document entitled "U.S. Astronauts" and ordering additional copies printed.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the resolution, which was agreed to, as follows:

*Resolved*, That the document entitled "United States Astronauts" prepared for the use of the Senate Committee on Aeronautical and Space Sciences by the staff of the committee, shall be printed with illustrations as a Senate document; and that there be printed three thousand additional copies of such document for the use of that committee.

#### THE THREAT OF AUTOMATION TO LABOR

Mr. JAVITS. Mr. President, the morning press reports a very important statement made yesterday by Mr. George Meany, the distinguished American who represents the AFL-CIO, who addressed himself to the subject of automation at the convention of the AFL-CIO in New York.

Mr. Meany asserted, in the interest of labor, that automation was a great threat to labor and that he saw no way out of it, except a reduction of the workweek to 35 hours without reduction of pay.

The last is generally considered labor's prescription for automation. I believe the real problem is that we have not shown either labor's president, George Meany, or labor itself, any other way out. I agree with Mr. Meany that automation is a major problem for American labor, that it is faced with a major crisis; but it is also a national problem.

In the testimony before the Subcommittee on Employment and Manpower of the Committee on Labor and Public Welfare, of which I am a member, job losses attributable to automation have been pictured as being very great. While I agree that this is a grave problem and a crisis for labor, it is also a crisis for the American Government, for management, and for the people generally. I cannot agree that the optimum remedy is the shorter workweek, nor do I believe that we are so bereft of more fundamental remedies that we must rely essentially upon expansion of Government economic activity, as Mr. Meany recommends. His prescription also calls for public works projects, as if we were in a depression or recession, for tax relief in the lower income brackets, for steps to improve purchasing power; a higher minimum wage, and expansion of coverage.

The tax reduction bill is in process, and I am confident it will be passed. So, too, will the minimum wage bill. The minimum wage will increase as our economy will allow it. The hours of work will be reduced, as they have been for years. When I was a boy, it was not unusual to work 54 hours a week—even 60 hours a week. I did so myself. So the hours of work are getting shorter, as our economy allows it.

I hope that we will not seek to solve the problems of automation and the dislocation of workers in the way Mr. Meany suggests. In my judgment, if we did it that way, it would jeopardize the security of the Nation and its success in the struggle for freedom, which demand both maximum productivity and competitive-

ness, both with the Communist system and within the free world.

If we were to jeopardize productivity and competitiveness, it could bring us to a depression or to such economic troubles as to do us far more harm than the problems of automation.

What we must do is to offer American labor an alternative. This is where we have fallen down badly. The basic way to cope with automation and the job dislocation which results is to prevail on both Government and business to finance jointly the transition of workers into new lines and new places of employment, to provide them with financial aid through periods of automation induced unemployment, and also to facilitate the early retirement of workers nearing the age of retirement. As we realize the fruits of automation, the shorter workweek and higher earnings, including a higher minimum wage, will bring great benefit to the economy because they will have been earned.

I look forward to a gross national product of one thousand billion dollars, perhaps in a decade—against the present \$578 billion, if we can really automate the economy. So the stakes are enormous for the workers, whose real income can almost double in that time.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. SYMINGTON. I congratulate the distinguished senior Senator from New York for his thoughtful presentation to the Senate today. He mentioned the large losses of jobs incident to further automation. The figure I have heard is 35,000 a week. Is that about correct?

Mr. JAVITS. That is correct. It has been as high as 40,000.

Mr. SYMINGTON. That shows what a serious problem it is. In my State of Missouri there is heavy unemployment, and yet those unemployed do not have certain skills needed by some of our manufacturers. So I noticed large advertisements of one corporation in my State in the Washington press—and, therefore, I presume in other newspapers in other cities—to get people skilled in the particular professions that particular company needs. I hope the Senator and his colleagues on the committee have plans for developing legislation and presenting it to the Senate that will help meet the problem he has brought up today, educating people so they do not have to go on the dole because of automation.

Mr. JAVITS. I am grateful to my colleague, who is famed in the world of government and also in the world of business—a rather unique union of skills. I value his constructive contribution.

I do have such legislation in mind. I am going to suggest to Senators what must be done to give labor an alternative.

I emphasize that this is not a question of beating Mr. Meany over the head with a stick. He has grave problems, and he must meet them. The only alternative available to him today, apparently, is



the shorter workweek. We must provide him with other alternatives. I am confident that American labor, whose traditional policy has not been against automation, will come to that policy again, if we give it a chance.

The Senator from Oregon [Mr. MORSE] who is now in the Chamber, has been laboring to have passed a vocational education bill, one of the key elements among the alternatives I have proposed.

We as a nation must resolve to spend the money and expend the effort which is called for. Passage of the tax reduction bill will help. We all expect it to come along. We would like to have had it yesterday, but these are the facts of life.

We need also accelerated vocational training and retraining, which is what the Senator from Oregon [Mr. MORSE] and I, and other Senators as conferees, are fighting for.

We also need relocation allowances so that people can move to new locations in search of better jobs.

We need transitional compensation for workers, not on an unemployment basis but on a working basis. After all, this automation-induced unemployment is not something they are inviting for themselves.

We need to provide for the transferability of pension rights, to give labor more mobility. We may need a national pension bank on that score.

We need financial aid for small businesses, to enable them to revamp their enterprises, much like the V-loans after World War II, plus technical assistance to small business.

We need accelerated depreciation and an even newer concept of depreciation allowances than we already have. Even these allowances, which have changed, are still inadequate. They are based on a 10-year concept. We are talking about a much shorter concept today.

We need to revise the antitrust laws, which are, in many cases, out of date. We need to implement the original concept of the Eisenhower administration of establishing national economic goals.

We need greatly to enlarge profit sharing and stock ownership for workers and to give them real ownership in American business.

That is the effective way to deal with automation. Both business and government must participate adequately and effectively.

This morning, for example, we opened hearings on a resolution to establish a Presidential Commission on Automation, suggested by the President's railroad message; a resolution which I sponsored, together with the Senator from Oregon [Mr. MORSE], the Senator from Pennsylvania [Mr. CLARK], and other Senators. The Commission would be charged with the responsibility of coming forward with concrete recommendations, to the President, the Congress, labor, and management.

Labor is right about automation, that it must not be asked to pay the cost, which is a national cost. We can help labor materially to play its traditional role of statesmanship and patriotism in

our economy, in regard to automation, by the way we handle the situation and the responsible way we act.

So I say to Mr. Meany, "More power to you. You are jacking us up, and you are telling us what we have to do. What you are proposing is uneconomic and I am not for it, but you cannot be expected to remain quiet and you cannot be expected to do nothing. It is we who have to give you the alternative."

Mr. MORSE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. MORSE. Mr. President, I thank the Senator from New York for his statement. I wish to associate myself with him. Early this year he and I introduced a proposal for the appointment of a National Presidential Council on Automation; because, as he and I declared at the time, that probably this is the most important legislative need on the domestic front. I believe most people do not realize what is happening to the economy in connection with automation. I have discussed this subject before. As the Senator from New York knows, this question has been discussed with the President himself. The President, in connection with the railroad bill that he sent up, proposed the creation of such a commission. That went by the boards. I hope that at a very early date legislation can be passed along the lines that the Senator from New York and I proposed months ago, because we are dealing with something that is vital to our economy.

Mr. JAVITS. I thank the Senator from Oregon.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. JAVITS. I yield to the Senator from Missouri.

Mr. SYMINGTON. Mr. President, I would also associate myself with the remarks made by the distinguished senior Senator from New York. The Senator well remembers what happened many years ago. The problem became of national interest under the category of "technocracy." I believe the name of the leader in that field at that time was Scott. Then great prosperity came after the depression of 1932, and then the war years. This temporarily allayed the troubles incident to further automation.

One of the best known leaders of labor made a remark some years ago. When he was shown a machine at the Ford Motor Co., which took a raw casting, drilled it, machined it, ground it, and actually honed it, ready for use, someone said, "A wonderful piece of equipment, don't you think?"

This man replied, "How many Fords will it buy?" I think that remark sums up much of the problem.

Does the study the Senator is interested in involve any examination of the question of moonlighting, which has steadily become a more interesting problem in connection with the shorter hours resulting from automation?

Mr. JAVITS. I should say that, both on the question of economic desirability and necessity, it would be a suitable subject for this kind of study.

Mr. BOGGS. Mr. President, will the Senator yield?

Mr. JAVITS. I yield to the Senator from Delaware.

Mr. BOGGS. I take this opportunity to congratulate the senior Senator from New York for his remarks this morning with reference to Mr. Meany's statement on automation. I wish to associate myself with the views he has expressed. The first step we need to take is to know more about automation. Remarks like those of the Senator from New York will help focus attention throughout the Nation on the importance of knowledge of the problems of automation.

In my own time, I should like to make a few remarks on that subject.

Mr. JAVITS. I am grateful to the Senator from Delaware. I am cognizant of the fact that he has introduced legislation seeking a White House conference on automation. I thank the Senator for his contribution.

#### WE NEED TO KNOW MORE ABOUT AUTOMATION

Mr. BOGGS. Mr. President, in further reference to Mr. Meany's remarks, I should like to mention that we all recognize that he is gravely concerned about the impact of automation on society. He sees automation as devouring jobs and perhaps leading to a national disaster.

I lean more to the view that automation is a mixed blessing—that it has in it the seeds of great good as well as evil. I do emphatically agree with Mr. Meany, however, that something needs to be done to enable the country to cope more realistically with the problem.

Mr. Meany's comments impress upon me again the need for greater public knowledge about automation. I am afraid that to many it conjures up a vision of a mechanical robot taking over and performing humanlike jobs. Actually, automation is much more sophisticated than this, of course, although I do not pretend to understand all or even most of its facets.

We know that automation is affecting now, and will affect in the future, the types of jobs Americans perform. But how are parents to guide their children into future careers without having a better idea of what is happening? How are guidance counselors in our schools to advise students if they do not have a better frame of reference against which to gauge career opportunities?

There is no easy answer to automation. Living with the changes it brings will take the combined efforts of individuals and businesses and all levels of government. But first, before anything constructive can be done, must come a better understanding of the problem itself.

A White House Conference on Automation is not the whole answer to creation of this understanding. I well realize, but I can think of no better single way to accomplish two goals:

First. Investigate the problem on a nationwide basis and, second, spread information about it on a nationwide basis.

A White House Conference would be preceded by local studies. These studies would work up to regional and State conferences. Finally the best ideas would be discussed by well-informed delegates at the Washington, D.C., meeting. Along the way many citizens would be participants in the fact-gathering and idea-generating process. Others would learn from news accounts. The net result would be a far better informed public.

Mr. President, last January I introduced a bill, S. 185, providing for a White House Conference on Automation. I am even more convinced now of the need for such a Conference, and I respectfully urge action on this legislation by the Labor and Public Welfare Committee in order that this Conference can take place soon.

#### ANTISEMITIC CAMPAIGN OF RED RUSSIA AGAINST THE JEWISH PEOPLE

Mr. LAUSCHE. Mr. President, with increasing frequency evidence is appearing of an anti-Semitic campaign now being conducted in Red Russia against the Jewish people. The treatment that is now being accorded to the Jewish minority in Red Russia is cruel, unjust, and unworthy of any government regardless of how base.

The Communists of Red Russia are intent upon destroying the Jewish communities within its boundaries. The evidence is abounding that the Soviet Union is seeking to exterminate the Jews and take from them their lives, properties, and culture. The tragedy is that the Jews of Red Russia are now being not only persecuted and decimated but falsely made the victims for the economic failure and general corruption that prevails in the system.

It goes without saying that I vigorously condemn the persecution to which the Jewish people have been subjected by the Soviet Union; also the extinction of cultural and religious ties between the Soviet Jews and Jews of other lands; the closing of the Jewish synagogues, and the ban against the performance of sacred Jewish rites; the closing of the Jewish schools and the destruction of the Jewish institutions in Yiddish and Hebrew.

Mr. President, I am one of 60 Senators who joined with Senator ABRAHAM RIBICOFF in sponsoring a pending resolution condemning the Soviet Union for discrimination against the Jews. I make this statement to reaffirm my conviction that the resolution which has been presented is rooted in facts and sound and proper in its condemnation of the brutality and oppression practiced by Red Russia against the Jewish minority.

#### THE JOHN BIRCH SOCIETY IDEA OF CONSPIRACY

Mr. McGEE. Mr. President, one of the real dangers in any extremist movement is that it threatens the mature discussion of the real issues which confront a nation by responsible members of the liberal and conservative camps. There is much room for disagreement and discussion on the major issues that face us

today, but the search for a solution is severely hindered by those who seek to attach their hysterical distortions and untruths to one side or the other.

In the 1930's the far left sought to infiltrate and command the traditional liberal movement in our Nation. Today the far right is attempting to become the voice of conservatism.

The Wyoming State Journal, of Lander, Wyo., carried an excellent column in its November 7 issue outlining the danger to the Nation in the hysterical approach to our problems. The column was written by Perry Swisher. I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### JOHN BIRCHERS IDEA OF CONSPIRACY IS AGREEMENT

(By Perry Swisher)

Oil discovered on your land doesn't make you a better American than I am—just richer. If you are successful dogfood manufacturer, that doesn't mean you are man's best friend. In fact, you may have it in your head that there are men who are conspiring to bite you—"Pinks" Socialists, and Communists who must be put on a leash.

And the candymaker who heads the John Birch Society wrote that Dwight Eisenhower probably wasn't the head man to carry out Communist policy in America—more likely Milton Eisenhower was telling his brother what to do. I guess he makes good candy. It's his political philosophy that reeks with rat poison.

The Birch Society's Robert Welch, the dogfood man, and posse of oil-rich gents from the Southwest, are the leading sponsors in the Intermountain States of a campaign to give the voters "a real choice" in 1964. They tell us that for many elections past the Republican and Democratic Parties have been Tweedledum and Tweedledee.

A contest between the American Nazi Party and the Communist Party would represent a real choice. Their mutual hatred is intense enough to satisfy the most bloodthirsty partisan, even if to believers in representative government the authoritarians also look like Tweedledum and Tweedledee.

But that is not the goal. Neither the Nazi baiters of minorities nor the Communist haters of capitalists are on our ballots. The object, as I get it, is to make of the Republican Party a conservative party.

This remodeled party, by beating the Nixon and Rockefeller and Eisenhower and Romney and Scranton Republicans in convention, and then defeating the Democrats in November, would save us from the one-world Socialist conspiracy.

Isn't that the pitch? Now, hate is not the hallmark of a conservative. Saying that many, perhaps most, of the men in Congress, the White House, and the U.S. courts are there because they bought the voter with appropriations is not conservatism.

Belief that many or most of these men are stupid enough or evil enough to sell the Nation out to the Communist conspiracy is not a conservative belief.

Saying there is a working conspiracy between Republican and Democratic leaders to deceive the voters while taking orders from foreign masters is not speaking conservatively.

This is hysteria, fear, and the sick that that fear produces. I wonder how long the honorable word "conservative" can stand embrace by political leprosy without losing its health?

To look at the imagined Democratic-Republican conspiracy, let's start at the bottom.

If I vote for a school building bond issue because I have children in school and you vote for it because you own adjoining property or think it will do the town good, we are not conspirators. You may be a conservative on education, I may be a liberal; but when we vote alike we are not conspirators. Nor does it mean one of us has duped the other.

Suppose the State's population increases sharply. Traffic accidents climb.

If both political parties agree more highway patrolmen must be hired, this is no conspiracy. The outs may blame the ins for letting freeway construction lag, or for being unduly influenced by the asphalt peddlers where concrete was called for, but each side calls for stepped-up traffic law enforcement. A conspiracy?

The State may have signed a compact with other States 15 years ago. They exchange students tuition-free in certain specialties, so each State doesn't have to duplicate the other's expensive colleges of medicine, dentistry, etc.

In the process they have spent on education by providing more of it. Both political parties have long since accepted the program though they differ on details. Bipartisan acceptance of the compact doesn't constitute conspiracy, even if the voters never did have a direct vote in the matter.

Agreement, in other words, is not conspiracy. If Republicans and Democrats did not have more in common than in dispute, then I'd worry. With disagreements deep enough and numerous enough, a change of control would become a bloody revolution.

If the Republic is healthy, the quarrel is usually over when, how, and at what expense an action is to be taken. We ought to be in fairly general agreement that the objective is economic well-being and opportunity for as many people as possible, a well-educated citizenry respecting one another's personal freedom, represented by a foreign policy that never sleeps in a round, complicated, and not entirely predictable world.

Those who see some such general American consensus as a conspiracy don't need a political party. They need a doctor.

#### AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. DOMINICK. Mr. President, during the course of our debate on foreign aid, the distinguished Senators from New York [Mr. JAVITS and Mr. KEATING] urged and very ably guided through the Senate an amendment which had the effect of cutting off aid to Egypt in order to do something about the precarious situation in which Israel finds herself.

There has been criticism from the White House and AID administrators for that action on the ground that it reduced their flexibility in dealing with these problems. So far as I was concerned, I supported and voted for the amendment cutting off this flexibility as perhaps one of the things we have to do.

Recently, an article came to my attention which points up the problems we have in the aid field today. For the edification of the Senate, the article should be read. It is written by Henry J. Taylor. It reads in part:

I was in Egypt some years ago when the Washington "big think" bought (taxpayers' money) about 100,000 bales of cotton to butter up wily Gamal Abdel Nasser, a man who has it in him to be a traitor to any cause.



We were trying, as we still are, to win false friends by frail policies and money.

#### Still reading from the article:

And although this far-off generosity to the hawk-eyed colonel was greatly unappreciated and totally misdirected the added bill knocked our taxpayers for another \$55 million.

Well, these 100,000 bales are now being sold, although prying the particulars out of our foreign aid professors and the U.S. Department of Agriculture was like trying to break the arm of Atlas. The clamp was on in a top directive consistent with the policy of manipulated news. For the man we're selling this cotton to is Nasser.

We paid this Scaramouche a dollar a pound. He's buying it back for less than 35 cents. He's paying \$17.4 million to get back what he sold Uncle Sam for \$55 million.

There is a good deal more in this article which is of real significance in our present debate on foreign aid.

I ask unanimous consent to have the article printed at this point in the RECORD as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### EGYPTIAN COTTON WAS A REAL DEAL

(By Henry J. Taylor)

An inside look at a cotton deal should make us wonder who gets what in foreign aid.

I was in Egypt some years ago when the Washington big think bought (taxpayers' money) about 100,000 bales of cotton to butter up wily Gamal Abdel Nasser, a man who has it in him to be a traitor to any cause.

We were trying, as we still are, to win false friends by frail policies and money.

Responding to the horrendous legends and medieval myths that constitute our farm program, America's warehouses were then, as they still are, bulging with our own unsold cotton.

And although this far-off generosity to the hawk-eyed colonel was greatly unappreciated and totally misdirected, the added bill knocked our taxpayers for another \$55 million.

Well, these 100,000 bales are now being sold, although prying the particulars out of our foreign aid professors and the U.S. Department of Agriculture was like trying to break the arm of Atlas. The clamp was on in a top directive consistent with the policy of manipulated news. For the man we're selling this cotton to is Nasser.

We paid this Scaramouche a dollar a pound. He's buying it back for less than 35 cents. He's paying \$17.4 million to get back what he sold Uncle Sam for \$55 million.

No wonder we're in a heads-you-win-tails-I-lose contest with the tax collector. No wonder most of the world thinks we have more money than brains. And no wonder the whole country, I think, is mentally tired of trying to figure things out. You just don't get anyplace. Nor do we get the truth, unless sought.

President Kennedy bid for added public approval of the Russian wheat deal by announcing emphatically that all the wheat must be carried in American ships to the extent available. Millions were led to visualize an employment-giving parade of Stars and Stripes across the seas.

Yet Mr. Kennedy knew full well as he spoke that less than one out of four ships would, or could, be American. That's all that are available. Behind the manipulated news this maximum was the real meaning of "to the extent of availability."

Mr. Kennedy also knew, of course, from the advance talks in Canada, that the \$10-

a-ton higher American cargo rate would affect even the one out of four. In truth, the actual White House offer is to send only 14 percent in American ships and 86 percent in foreign.

It involves an initial delivery of 2.4 million tons, 23 percent in U.S. vessels, and then the entire balance of the 4 million tons in foreign ships. The Russians haven't introduced any really unexpected obstacles. The American people simply were not told the full truth in the first place. That is what makes the manipulated-news policy so dangerous and unworthy.

Mr. DOMINICK. I point out that this is only one example of the difficulties we face in our foreign aid program. We are constantly finding ourselves at odds. We do one thing for one country, and we find that it acts badly on another country. One country may be an ally, another may be a neutral, and a third may be unfriendly. The more money we put into these areas, the more complex the problems become.

The other day I had the opportunity of commenting on the Indonesian situation. During this process and while referring to the attitude of Mr. Sukarno in connection with the Dutch territories, which he literally forced out of their hands, and his present activities in burning the British Embassy and the British possessions and threatening American possessions, I referred to Mr. Sukarno as a bandit. I am really quite entertained that the Ambassador for Indonesia has made a protest in connection with those remarks of mine against Mr. Sukarno.

I have not heard from the State Department, as to whether they gave any reply. In the process of his objection to the State Department, he apparently also criticized the distinguished Senator from Oregon [Mr. MORSE] for calling Mr. Sukarno a no-good, corrupt man who would be in bed with the Communists were it not for American aid. I understand that the Senator from Oregon replied quite vehemently yesterday; and I agree with the statements that he made.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. DOMINICK. I am delighted to yield to the Senator from Oregon.

Mr. MORSE. Not vehemently; objectively.

Mr. DOMINICK. I accept the modification.

It might be interesting if we included some comments at this point concerning the history of Mr. Sukarno.

At the same time that Shriver, the Director of the Peace Corps, fought the Japanese during World War II, Sukarno held down an important post with the enemy, that of general political adviser to the Japanese Military Government in Indonesia.

In that post, Sukarno turned 2 million of his countrymen over to the Japanese to be treated, in the words of Maj. Gen. Charles Willoughby, who was our chief of intelligence in that area, "like coolie slaves."

One of Sukarno's chief tasks was to exhort Indonesians into greater war effort: "We shall flatten out America" and "We shall overturn England."

Then he organized a colossal anti-American rally in Djakarta on November

8, 1944. An Indonesian weekly published photographs of Sukarno burning bigger-than-life pictures of Western leaders. A caption under the picture read: "Roosevelt, Churchill Condemned."

In 1945 he jumped from a sinking Japanese ship and joined with the Soviets. He telegraphed Stalin asking support and pledged himself to the ultimate attainment of Russian aspirations.

In 1949 Sukarno became President of the Indonesian republic. He has since guided Indonesian affairs with a flair that has enabled him to win the order of Lenin and to chortle in Djakarta: "This means I am a Communist of the highest order."

There is information to the effect that Sukarno has publicly endorsed the Communist Party of Indonesia as "a genuine participant in the political process and the Nationalist movement." This endorsement has been made concrete by the appointment of large numbers of Communist Party members to the Parliament and to advisory organs of the Government, such as the Supreme Advisory Council and the National Planning Council.

Sukarno has received more than \$1 billion in late-model arms from the Communist world. I might say that a good portion of the finances that he received with which to pay for these arms came from U.S. aid. Sukarno has embraced Mao Tse-tung, and has told listeners of Radio Peiping that he will work with Mao in the joint struggle "to create a world Socialist society," an aim "impossible to realize if imperialism still exists in the world." He has promised support for the Communist campaign to "liberate Formosa from imperialist lackeys."

That is only a part of his history.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. DOMINICK. I am delighted to yield.

Mr. MORSE. I thank the Senator very much for this documentation on Sukarno. My prediction is that no matter how much aid the United States gives him, he will turn out to be worse than Castro. He is a two-timing politician in Asia who will take everything we give him and then amputate the hand that feeds him. I hope that the administration will recognize that reality and not make the mistake of pouring out additional money for Sukarno. At the present time aid has been suspended temporarily. It ought to be in perpetuity, because in my judgment here is a place in the world which is headed by a man so corrupt that any money we give him will not help the cause of freedom, but will be used to carry out his diabolical purposes.

Mr. DOMINICK. I appreciate very much the feelings, comments, and remarks of the distinguished Senator from Oregon. All we have to do is to look at recent history; we do not have to go to past history, except, as I said, to lay the background for it.

When he moved into West New Guinea, governed by the Dutch, who wanted to give the right of self-determination to more than 500,000 people, the Papuans, what did we do? Did we support the Dutch in their effort to extend

self-determination to these people, a principle which we have so long professed as one of our guiding principles? We did not. We backed Sukarno, and we told the Dutch, in order to create peace in that area, they should get out. With no support, and inability to use our bases, to reinforce their troops in the area, the Dutch did get out. Sukarno has taken over this territory, and these people have been taken over, without any hope of self-determination, and without any hope of redress for any wrongs which may have been committed in that area.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. DOMINICK. I am delighted to yield.

Mr. GRUENING. I commend the Senator from Colorado for his very correct interpretation of what has happened and on his extremely useful summing up of some of the follies that we have committed in Indonesia. That is the only way I can describe them. They were follies. We have supported a ruthless dictator and unscrupulous aggressor. His principles are in direct opposition to ours. He acted ruthlessly in moving to take over West New Guinea when that situation should have been left to the future decision of the people themselves. That area which the Dutch did not wish to retain themselves, although it had been a Dutch colony, should have been turned over to the United Nations under some kind of trusteeship or mandate, so that in the future, when those people had reached the point where they knew what they wanted, they could decide what status or political association they desired to have.

That would have been the proper policy for the United States to support. We yielded to Sukarno's bludgeoning tactics, for reasons that are difficult to justify. We allowed Sukarno to take those people over. The Senator from Colorado has performed a very useful service in the statement he has made.

Mr. DOMINICK. I very much appreciate the support of the distinguished Senator from Alaska. Obviously, from comments which have been made here, there are opinions concerning Mr. Sukarno that are strong opinions and which are based on a historical position as to what he has been doing. When I referred to Mr. Sukarno as a bandit, it is interesting to note that one of the definitions of a bandit is one who takes unfair advantage over others, usually to procure inordinate payment or profit.

If that is not an accurate description of what he has been doing, not only in his own country and at the expense of his own people, who are fine people for the most part, but also in other places in that area, including west New Guinea and Malaysia, which he is now trying to break up, and including West Irian, and other places which he is trying to seize and hold onto, then I do not know what that word means. I have no intention on the floor of the Senate to back down from such a description of Mr. Sukarno.

JOURNALISM BY INVECTIVE

Mr. GRUENING. Mr. President, the Washington Post seems to be most un-

happy about the reforms that have been made in the Senate in the foreign aid bill in the course of a 3-week debate.

Let me state my belief that these reforms have been constructive, needed, and desirable in every sense of the word, and should go far to improve, revitalize, rehabilitate, and save the foreign aid program. This program was rapidly falling apart both in its execution and in the estimation of an increasing number of the American people. Not only has no damage been done to the program, but the amendments adopted should substantially strengthen it.

As far as the quantitative cuts are concerned, they are unimportant. There is still more than \$6½ billion in the "pipeline," which, for the benefit of the public means that that amount of money is the sum left over from previous appropriations which has been expended. Therefore, if not one cent had been authorized or appropriated by this Congress, the program could have gone on for a year and a half or nearly 2 years without difficulty. Moreover, a country-by-country approach would show that the total authorization could be cut further without impairment of the program.

And yet we find in the leading editorial of today's Washington Post, entitled "Sermon on Aid," the following characterizations.

This has been, the Post says, a "bitter" fight over foreign aid. Note the adjective "bitter."

In the next paragraph, the Post says that what Congress has done to the aid program is, in its opinion, "wrong and foolish." The Congress has carved the bill to the marrow. Anatomically speaking, the marrow is the inside of the bone. Actually, Congress barely nicked the epidermis.

Further, the Senate has "implanted a series of dogmatic restrictions." Note the word "dogmatic." And Congress apparently has been guilty of "spiteful use of aid as a club." Note the adjective "spiteful" and the noun "club."

The Post notes that the congressional "onslaught was not simply the act of a small and willful minority." I am glad that the Post recognizes that constructive amendments were adopted by majority vote—as they obviously would have to be—and that in the case of some of the constructive amendments that failed of passage, they failed of passage by a very small margin and that usually there were some 40 votes for them. Were they all "willful"?

Next, we find in the Post's editorial that the "mayhem on aid found the majority support in Congress." Now, what is the definition of "mayhem"? As found in Webster's Collegiate Dictionary, it is "willful and permanent deprivation of a bodily member resulting in the impairment of a person's fighting ability," or "willful and permanent crippling, mutilation or disfigurement of any part of the body." I submit that all that has been done is to do some moderate plastic surgery on the body of the foreign aid bill designed to remove a few malignant tumors lest they spread and become lethal, and to excise a few warts that

impaired its foreign aid's image. It might be characterized in part as a face-lifting operation. It was hardly "mayhem."

Next, the Post says the Senate "hacked foreign aid to bits."

Further, the Senate's action is characterized as an "irresponsible binge."

Finally, the Post expresses the hope that "it may yet be possible to expunge some of the worst features of the Senate legislation" and thereby to remedy "the frailties of Congress." Actually, Congress has, for the first time since the beginning of the foreign aid program laid aside its past frailties of inaction and carried out in part its constitutional responsibilities to be a vigilant and alert participant in the authorization of the expenditures of foreign aid funds.

Now, we turn to the next page of the Post and find, under the heading: "Matter of Fact," a column by Joseph Alsop entitled "The New Know-Nothings." Not surprisingly, the article refers to the action of the Senate on the foreign aid bill as "the new surge of know-nothingness." Actually, the Senate displayed a welcome and belated "know-somethingism" about the foreign aid bill with which the public, and indeed much of the Congress, and certainly Mr. Alsop, had been largely unendowed hitherto.

Mr. Alsop further characterized the debate as "squalid."

Democratic Senators who took part in re-forming the bill are characterized as "liberal," the word "liberal" being in quotes, which quotes, of course, suggest that these "liberals" are unsound and wacky fellows. Senator MORSE is referred to as "ineffable." This is a highbrow smear adjective. Ineffable, as defined by Webster, means "incapable of being expressed in words; indescribable; unspeakable; not to be uttered." Does this mean that Mr. Alsop was at a loss to characterize Senator MORSE?

Southerners who voted for some of these amendments are referred to as "embittered."

Later in Mr. Alsop's column, Senators FRANK CHURCH, ALBERT GORE, ABE RIBICOFF, STUART SYMINGTON, STEPHEN YOUNG, HENRY JACKSON, and WILLIAM PROXMIRE are condemned as "so-called liberals." They and the others are charged with "trying to gut the foreign aid bill." Note the verb "gut."

Finally, all of them are charged with "peevishness," and Mr. Alsop declares that that is the "only motive now identifiable."

Speaking as an old journalist, Mr. President, I regret such unintelligent and unperceptive interpretations of what happened in the Senate.

Speaking again as an old newspaperman, I regret the unrestrained use of defamatory adjectives by the Post's editorial writer, whoever he may be in this case, and by its syndicated columnist, Joe Alsop.

Speaking as a Senator, I am proud of what the Senate has done in the last 3 weeks, and I venture the prophecy that history, in the very near future as well as in the long run, will completely vindicate the Senate's performance as useful, needed, and constructive. It has



done the administration and the foreign aid program an incalculable service. Had this service been performed in previous years, it would have saved the American people billions of dollars out of the more than \$100 billion which have been spent on foreign aid, much of it squandered. It would have made our foreign aid infinitely more effective and would have left the world in a much better condition than it is now.

Mr. President, I ask unanimous consent to have printed at this point in the *Record* the article entitled "The New Know-Nothings," written by Joseph Alsop, and the editorial entitled "Sermon on Aid," both published in the *Washington Post* of today, November 15, 1963.

There being no objection, the article and editorial were ordered to be printed in the *Record*, as follows:

#### SERMON ON AID

President Kennedy used the pulpit of his office yesterday to deliver a powerful sermon on the need for foreign aid. He did not dispute the constitutional right of Congress to decide how much money should be appropriated. But he did point out that the expenditures involved are hardly crushing, that foreign aid is "a valuable arm" of U.S. policy, and that in the end it is the President—not Members of Congress—who is held accountable for the success or failure of our diplomacy.

The pity is that the President did not make his forceful statements weeks ago in a full-scale address to the country. There were clear storm warnings that this year would see a bitter fight over foreign aid. Yet here, as in other areas of controversy, there has been a reluctance to commit the full resources of the Presidency to a drive for the administration's programs. The sermon comes late—after the ushers have already passed the collection plate.

What Congress has done to the aid program is, in our opinion, wrong and foolish. Not only has Congress carved to the marrow the President's budget request; the Senate has also implanted a series of dogmatic restrictions on the use of aid. Surely Mr. Kennedy is only stating the obvious in reminding Congress that the world changes swiftly and that spiteful use of aid as a club usually does not have the intended effect.

Yet the congressional onslaught was not simply the act of a small and willful minority. The mayhem on aid found majority support in Congress—and no doubt has majority support in the country. It is no accident that the Peace Corps received generous treatment in the House at the same time foreign aid was being hacked to bits in the Senate. Both actions express a consensus on Capitol Hill and in the country.

It is easy to make Congress the scapegoat—especially when the Senate goes on an irresponsible binge and appears to dictate day-to-day policy to the Executive. But the mischievous action of Congress cannot wholly absolve the President of his past inaction. Whose job is it to disclose the purposes of American policy, to explain in plausible terms to the man in the street the American stake in using aid to help buttress the independence of remote countries? When Mr. Kennedy says that he needs foreign aid, he has to persuade the electorate no less than Congress.

Mr. Kennedy's sermon in and of itself was admirable. It may yet be possible to expunge some of the worst features of the Senate legislation in conference with the House. But the result thus far tells something not only about the frailties of Congress. It also tells us that more vigorous leadership on the part of the administration

is essential to the achievement of its objectives.

#### THE NEW KNOW-NOTHINGS

(By Joseph Alsop)

In the tedious but crucial struggle over the foreign aid bill, the old tradition of national-minded bipartisanship has been saving President Kennedy's bacon.

In the preliminary wrestling with the bill in the Senate Foreign Relations Committee, the senior members of the majority and minority, Senators WILLIAM FULBRIGHT, of Arkansas, and BOURKE B. HICKENLOOPER, of Iowa, acted together as partners.

Senator HICKENLOOPER is not widely known for his reluctance to take a good, hard, partisan whack at the Democrats whenever he sees a chance to do so. He thought that the foreign aid authorization that Senator FULBRIGHT wanted the committee to approve—\$4.2 billion—was a bit on the high side. But when FULBRIGHT argued that "we have got to give them something to cut," HICKENLOOPER loyally went along.

Again, when the leadership belatedly discovered the power of the new surge of know-nothingism in the Senate, a hasty strategy meeting to discuss the best blocking tactics was strictly bipartisan, and was even held in the Republican cloakroom. The majority and minority leaders, Senators MIKE MANSFIELD, of Montana, and EVERETT DIRKSEN, of Illinois, joined with FULBRIGHT and HICKENLOOPER in the decision to make a voluntary preliminary cut of \$385 million in the committee total, in order to forestall worse cuts by the new know-nothings.

Since then, through the long, squalid, and still unfinished struggle on the Senate floor, DIRKSEN, HICKENLOOPER, and a good many other Republicans have continued to stand four square for national mindedness and bipartisanship.

Meanwhile, the President's bill has been under bitter, persistent partisan attack by Democratic Senators, with a group of liberal Democrats, headed by the ineffable Senator WAYNE MORSE, of Oregon, leading the attackers. Even that famous Republican conservative, Senator BARRY GOLDWATER, of Arizona, had been kinder to the foreign aid program than the new Democratic know-nothings, for he has at least been absent for almost every key vote.

The most dramatic vote, though not the closest, was on MORSE's motion to gut the bill for good and all, by recommitting it to the Foreign Relations Committee. Twenty-eight other Senators voted with the Oregon paragon, and 20 of them were Democrats.

Another Morse amendment, to cut the Development Loan Fund by \$25 million, carried by a vote of 42 to 40, and 24 of the Morse adherents were Democrats. Embittered southerners, like RICHARD RUSSELL, of Georgia, and HARRY F. BYRD, of Virginia, have, of course, followed MORSE, gladly yielding him the leadership on this occasion.

MORSE's deputy commander in the attack has been the old New Dealer from Alaska, Senator ERNEST GRUENING. So-called liberals who have joined MORSE are FRANK CHURCH, of Idaho; ALBERT GORE, of Tennessee; the former Secretary of Health, Education, and Welfare in the Kennedy Cabinet, ABE RIBICOFF, of Connecticut; STUART SYMINGTON, of Missouri; and STEPHEN YOUNG, of Ohio; plus HENRY JACKSON, of Washington, and WILLIAM PROXMIER, of Wisconsin, on the fund cut.

Besides trying to gut the foreign aid bill in every other way, the new know-nothings have put forward an astonishing number of backseat driving amendments. "Some people," Senator HICKENLOOPER has said grimly, "want to turn the U.S. Senate into another committee on the conduct of the war, which helped the South more than Robert E. Lee."

The result, beyond much doubt, would be a half-crippled foreign aid program. The

Alliance for Progress, for instance, will be lucky to get \$525 million—apparently because Senator MORSE and his friends are reluctant to allow the United States to spend as much on the prevention of communism in Latin America as the Communist bloc is now spending for the sole purpose of propping up Fidel Castro in Cuba.

If the effort in Vietnam is not weakened, all other military aid programs will have to be cut drastically. Thus old and tried allies which cannot otherwise afford their present levels of defense, like Turkey, Greece, Nationalist China, and South Korea, will be hit where it hurts most—apparently because Senators SYMINGTON and RIBICOFF think it is a bad bargain to add this strength to our side at one-tenth the cost of an equal number of American troops.

Finally, development loans, which offer the best hope of future progress and are also to be repaid in the end, will be cut to the point of grave damage to American foreign policy. In short, the national interest is under heavy attack. It would be more comprehensible if the attack had a partisan motive; but peevishness, alas, is the only motive now identifiable.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GRUENING. I am happy to yield.

Mr. MORSE. I congratulate the Senator from Alaska on his penetrating analysis of both the *Washington Post* editorial and the inexcusable, ignorant column by Mr. Alsop. The country is greatly indebted to the Senator from Alaska for the strong leadership that he extended to those of us who have fought during the past 3 weeks to try to bring to an end some of the worst inefficiencies, waste, and causes of international corruption that are embedded and ingrained in the foreign aid program.

Probably the Senate will complete action on the bill today. But this will not be the last time there will be action on the bill. If the conference report contains any attempt to undo what the Senate has done, there will be a further debate at great length, so that the American people may again have the facts presented to them as to how they are being rooked by the foreign aid program.

It is with sadness in my heart that I find that my President is making statements and speeches following that line on foreign aid, but is not uttering a word in those speeches by way of a pledge to the taxpayers that he intends to do something about the inefficiencies, waste, and inexcusable wrongs that are embedded in the foreign aid bill.

I spoke yesterday on the basis of a foot-high compilation of reports from the Comptroller General of the United States, which pointed out the shocking waste of millions of dollars of taxpayers' money in the sinkholes of foreign aid. I most respectfully ask my President: "When are you going to do something about correcting those wrongs, which are a matter of proof, in regard to foreign aid?"

The President will get my support for a good foreign aid program, but he will not get my support, and does not have my support, for a continuation of the kind of foreign aid that he is talking about, and to which he referred in his speech in New York City last Friday and his news conference yesterday, because

the President cannot make a case in support of that kind of foreign aid.

The President asks, "Who will get the blame if the program does not work?" He answers, "I will get the blame."

Let me say that Congress will get the blame, and should get the blame, if it does not exercise its authority under the Constitution to check the President in connection with the wasting of hundreds of millions of dollars of taxpayers' money that is now being poured down the sinkholes of foreign aid in many parts of the world.

Mr. GRUENING. I thank the Senator from Oregon. He has been the leader in the gallant and devoted fight to improve the foreign aid program.

I am not opposed to foreign aid. I favor it. I have favored it all along. However, at various times I have sought to present amendments which I hoped would cure some of the deficiencies of the program. Some of these were accepted in the Senate, over the opposition of the leadership, but later were deleted in conference, when the State Department and AID officials rushed up and said they would ruin the program.

In the past 3 weeks, under the leadership of the distinguished senior Senator from Oregon [Mr. MORSE], the first serious attempts to debate and to reform were made, and they were successful. They did not go quite as far as they might have, because some of the proposals submitted by the Senator from Oregon and some of the proposals submitted by me were not accepted, although some of them came close to being accepted, and thus showed that there is widespread dissatisfaction with the way the program has been administered.

The amendments which have been adopted are most desirable, but I consider them only a beginning.

I hope that with the leadership the Senator from Oregon has demonstrated and with the clear indications of congressional leadership during the debate and in connection with the action taken on the amendments, we shall have a better program.

I believe we shall have a better program next year; but we must constantly be vigilant to be sure that the agencies involved carry out the intent of Congress. I believe it would be very objectionable if some of the activities now administered by the AID agency were to be transferred to the Army or to other Government agencies, and thus be concealed. Congress must retain control of the program.

Mr. MORSE. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield.

Mr. MORSE. I am glad the Senator from Alaska has made that statement, because that matter will be the subject of one of the great debates next year, inasmuch as the maneuver now being attempted is to turn the military aid program over to the Pentagon. The great issue is, How much longer are we going to let the Pentagon determine so much of our foreign policy?

The State Department is really a split entity, these days, because much of our foreign aid is, in fact and in effect, being

determined by the Pentagon, not by the State Department. If we let the Pentagon get its hands on military aid—which is inseparable from U.S. foreign policy—we shall be in for very serious trouble.

Bad as the State Department is at the present time, we must require it to administer all foreign policy, and not permit it to divide its obligations and duties with the Pentagon.

Mr. GRUENING. Mr. President, I am glad the Senator from Oregon supports my view—which I know he has held—that Congress must retain control of, or must continue its efforts to control, the foreign aid program. At this session, that has been done for the first time; and of course that requires maintaining supervision over the military part of the program.

In connection with the next foreign aid bill, we must also be sure that the lending functions are continued by U.S. agencies, not turned over to international agencies over which Congress would have no real control. So if a move is made to stop development loans as a part of the program over which Congress will have jurisdiction, I warn that such an attempt must be stopped, because if it were to be successful, we would lose complete control over that part of the program. Such functions should not be turned over to international lending agencies, which already have an important part in the program; but all lending functions now under the foreign aid program should be maintained there, where they will be under the vigilant and alert eye of Congress. I hope that will be done.

I made a study, for the Government Operations Committee, of the programs in 10 countries in the Middle East. In the case of two of them, I found the program was well carried out and was purposeful, and that there was a clear understanding of what was to be accomplished. In those cases I recommended that the program be both continued and increased. I make this statement because in the past it has been assumed that anyone who was at all critical of the foreign aid program was opposed to foreign aid. However, that is not the case. I shall support the foreign aid program whenever I can, when it is sound and reasonably and effectively administered, and not only does not squander millions and billions of U.S. taxpayers' dollars, but actually produces results which are effective in connection with our national plans and purposes.

But the aid we have given Sukarno is a positive scandal and is disgraceful. We have built up a Frankenstein monster in the Far East; and we have done much the same in the Middle East, with Nasser.

I am hopeful that the amendments the Senate has adopted, which will stop the giving of our aid to aggressors, and particularly to Indonesia, in connection with the foreign aid program, will be carried out and administered rigidly and correctly by the administration.

#### RESPONSIBILITIES OF THE EXECUTIVE AND LEGISLATIVE BRANCHES

Mr. MILLER. Mr. President, in the Washington Post of November 11 there

was published an article, written by the columnists Rowland Evans and Robert Novak. The article, entitled "The Senate's Scandal," is clearly both cruel and unfair. For one thing, the article includes the following statement:

Kindly, well-meaning Senator MIKE MANSFIELD, of Montana, has been a tragic mistake as majority leader.

The article contains other statements along the same line; and they would cause a reader—if he did not know the facts—to gain the impression that an incipient revolt is developing among the members of the Democratic Party in the Senate against the so-called poor leadership of the Senator from Montana. But I believe the article completely misses the point, which is that there is nothing wrong with the leadership in the Senate, but there is a great deal of trouble with the leadership in the White House.

In this connection, I invite attention to another article which is in somewhat the same category, insofar as unjustified criticism of the Senate leadership is concerned. This article was written by Doris Fleeson, and was published in the Washington Star of November 13.

In an article written by David Lawrence, and published on the same date in the Washington Star, the following conclusion is drawn: "that the people of this country, through their congressional representatives, disapprove of the legislative program proposed by the Democratic Party's national leader and want a change in leadership."

I believe Mr. Lawrence has more correctly called attention to the real problem. The leadership in the White House has been lucky to have had a majority leader in the Senate such as the Senator from Montana [Mr. MANSFIELD], and is lucky to have gotten what it received during the first 2 years—the honeymoon years—of the New Frontier, and should not be at all surprised to find that the honeymoon is over now that the people back home have begun to realize what has been hitting them and what will hit them for some years to come, as a result of the billion dollar deficit spending programs which have been requested by the White House.

Although I have opposed some of them, I think recognition should be given to the fact that the majority leader, the Senator from Montana [Mr. MANSFIELD], has been a "good soldier," and has done a rather effective job of getting through the Senate the spending programs that really count.

There has been considerable criticism of Congress. I, for one, do not object to a certain amount of criticism, if criticism is due. But too many persons who are too ready and willing to snipe at Congress apparently do not realize that there are three branches of the Federal Government—the executive, the legislative, and the judicial. Some of them recognize that there is a judicial branch when the Supreme Court hands down a decision involving the recital of prayers in the public schools. But as between the executive branch and the legislative branch, I fear there are too many people who are too much impressed by the



Madison Avenue techniques utilized in statements coming out of the White House, as a result of which they overlook the shortcomings there.

The volume of White House-sponsored measures submitted in the last 2½ years, all carrying the label of "urgent," has been multitudinous. It has been beyond the capacity of any Congress to digest, much less the ability of the people of the United States to pay for.

There was no mandate from the people for such a program. President Kennedy was elected by less than 50 percent of the votes of the people who voted in 1960. For some strange reason or other, some of his advisers seemed to conclude that there was a mandate from the people for an overwhelming deluge of vast new Federal spending programs and increases in existing programs. There was no such mandate at all. Members of Congress are more directly connected with the feelings of the people in their districts and States; and they know that the people have had too much already. It took them 2½ years to wake up to what is hitting them.

I have been pointing out that if we merely consider the inflation that the sum of \$21 billion of deficit spending since January 1, 1961, has produced, which amounts to about \$19.5 billion, and apply it to the people throughout the United States in terms of sales taxes, Senators will find that their people in the various States have been hit by sales taxes and indirect sales taxes ranging all the way from 2 to 4½ percent.

People wonder why the cost of groceries, the cost of housing, the cost of building new schools, and the cost of State and local government are going up. They can look to the New Frontier for the answer, and particularly to Members of Congress who have engaged in spending billions of dollars more than we take in. I do not think it should be overlooked that the White House has been part and parcel of the entire operation. The White House would have taken more if Congress would have given it more.

Let us face the fact that it takes people a while to realize what is hitting them. It has now taken them about 2½ years; and we trust that by the election a year from now quite a few million more will be realizing what has hit them and will vote accordingly.

An article by the distinguished columnist, William White, appeared in the Washington Evening Star on November 11. The article is entitled "Congress Needs Defenders." Mr. White expressed concern over the fact that there have not been enough Members of the legislative branch of the Government speaking out in defense of some of the criticisms that have been thrown at Congress, particularly this year, and suggested that there ought to be more defense of Congress.

I should like to say that I have done my share of pointing out where Congress is to blame and pointing out where the White House is to blame. I have done my share of defending Congress as an independent legislative branch of the Government.

One of my great disappointments since I have been Senator has been to see the Senate, which historically has existed as a great independent legislative body of our Federal Government, degenerate pretty much into a rubberstamp Senate. There have been a few exceptions. The Senate's rejection, on a procedural point, of the Department's ill-devised, ill-conceived, poorly presented, and highly partisanly presented urban affairs proposal, the Senate's rejection of the unfair Kennedy medicare proposal, known as the King-Anderson bill, which was attempted by way of an amendment a year ago, and now the Senate's treatment of the foreign aid bill, are about the only three exceptions during the last nearly 3 years in which the Senate has really existed as an independent legislative branch of the Federal Government.

The Senate and the House are to be criticized for not adhering a little more closely to the traditional separation of powers. I am ready, willing, and able to criticize those bodies for not doing so. I am also ready, willing, and able to criticize some of the rules which I consider obsolete for effective management of our legislative business. I have not been around here so long that I have become so enamored with every type of rule that we have as to think that no rule can be changed or abolished. Some rules are desirable. It is desirable to have a brake in the form of a better than 50-percent vote for cloture. There was quite an argument on that question early this year. Some Senators said that 51 Senators ought to be enough to choke off debate. Some said that it should require two-thirds of the Senators present and voting to choke off debate. That is the present rule. Some said it ought to be three-fifths, or 60 Senators. All kinds of combinations were proposed.

The point was made by the Senator from Minnesota [Mr. HUMPHREY] that more than half the Senators thought there ought to be some change in the rules. We never could agree on what the rules changes should be. I had my own little plan. I said that I favored a three-fifths rule, provided at least a majority of Members of both parties were included in that three-fifths. I am not about to submit to a change in the rules to permit a Senate composed of 67 Democrats and 33 Republicans to have debate choked off by a vote of 60 Democrats. If 60 Senators, composed of a majority of the Democrats and a majority of the Republicans, desire cloture, that is satisfactory. But to think of choking off debate by a vote of all the Members of one party is to me something that would violate the traditional protection of minority rights which the Senate stands for.

I am not in favor of some of the proposed rule changes in respect to cloture, but I do favor a change along the lines I have mentioned.

There is the rule of germaneness which the distinguished Senator from Rhode Island [Mr. PASTORE] and many others, including myself, have sought to change. The proposal is on the calendar. Whether it will ever be called up remains to be seen. It is a sensible rule. It

would provide that during the first 3 hours of debate in the afternoon the discussion must be on the subject that is pending. After that a Senator could talk about anything. We do not have such a rule. As a result, with the Mundt amendment now pending, discussion could take place on almost any subject. What I am now saying has nothing to do with the pending business, nor has much of what has been already said this afternoon. That rule should be changed. I believe that the resolution proposed by the Senator from Rhode Island [Mr. PASTORE] and other Senators would greatly speed up the legislative process in the Senate, because if the Pastore proposal were now in effect, we would be about finished with the amendment, and we would probably be through the foreign aid bill by 3 o'clock. Then if any Senator wished to talk about anything else, he could remain here and do so. That is a change that should be made.

Of course, there is the perennial question of whether there should be a Joint Committee on the Budget. For the past 2 or 3 years the able Senator from Arkansas [Mr. McCLELLAN] and approximately 60 other Senators, including myself, have cosponsored a bill which has passed the Senate unanimously. It has gone to the House, and there it has never seen the light of day. That bill would provide for the creation of a Joint Committee on the Budget. There is a Joint Committee on Internal Revenue to take care of the finance side of things, and it works very well. When we are dealing with subjects as complicated as revenues, taxes, and tariffs, we need a thoroughly competent staff, and we need a harmonious working group of Senators and Representatives.

So those have come along pretty well in the area of tax legislation. But when it comes to spending, we really have trouble because there is no organization in the legislative branch that can possibly cope with the Bureau of the Budget, in the executive branch. On taxes, we have the Joint Committee on Internal Revenue, which can hold its own in analyzing the proposals of the Treasury Department; but we have no control over the Bureau of the Budget. It is about time we had a little control over our budget. It is about time to start putting our revenues and spending into balance.

Although I know there are some economists who believe it is sophisticated to have inflation as a means to achieve prosperity, the fact remains that the great bulk of the American people believe—thank goodness—in the "Puritan ethic" toward which Dr. Heller, the Chairman of the President's Council of Economic Advisers has such a disdainful attitude. But these are changes that should be made, and until they are made I shall be ready, willing and able to criticize the legislative branch, of which I am a Member.

Let us get a proper perspective of the situation, as far as what has been going on this year is concerned. Let us recognize that Members of Congress are fairly close to the people back home. They are closer than the President of the

United States. They know when the people are beginning to be disturbed. They know that if they do not acquiesce to a reasonable extent in the people's concern, either by voting the way the people want them to vote or by being able to persuade the people to change their minds, they will not be reelected to Congress.

I have supported the foreign aid bill for each of the past 2 years. I shall have something to say about the bill before final passage, which we hope will come today. I propose to support the foreign aid bill this year.

I have received a good amount of correspondence from people indicating their great disaffection with the foreign aid program. I do not have many letters saying "chop off foreign aid altogether," although all of us have received some of those. Most people, I believe, are convinced that foreign aid is a proper part of our national policy. They want to see a dollar's value for a dollar spent. I do not believe that we in Congress have been doing as good a job on that point as we should have done. We are to be criticized for this; but when we start to do a job, the criticism should not be leveled at us but should be leveled at those who have brought this situation upon the Congress; namely, the administrators and those who have been asking for it, and that includes the President of the United States. All the talk in the past few days about the shortsightedness of Congress—and particularly the Senate—in chopping down the amounts of foreign aid is falling on deaf ears back home. I believe most people are beginning to say, "Thank goodness, Congress finally is starting to exercise its prerogative of serving as a true check and a true balance on the executive branch."

Mr. President, I ask unanimous consent that the articles to which I have referred may be printed in the RECORD at this point in my remarks.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Nov. 11, 1963]

#### THE SENATE'S SCANDAL

(By Rowland Evans and Robert Novak)

The real scandal of the Senate isn't the Bobby Baker case or the ethical code of Senators. It's the Senate's ever-widening leadership void.

What Connecticut's Senator THOMAS DODD dared blurt out on the Senate floor last week, other Senators have been whispering in the cloakrooms for months. Kindly, well-meaning Senator MIKE MANSFIELD, of Montana, has been a tragic mistake as majority leader.

The all-year session of Congress won't produce either the tax bill or the civil rights bill. Appropriations bills that should have been passed last summer may actually be carried into 1964, throwing Federal agencies into utter confusion. And although the Senate is considerably more liberal than the House, it has become the real stumbling block for the Kennedy program.

Much of the blame rests with MANSFIELD's unique theories of leadership. He sees the majority leader as an administrator, neither prying into individual Senators' views nor trying to change them.

Accordingly, when MANSFIELD replaced LYNDON B. JOHNSON as Democratic leader in

1961, he began to dismantle the elaborate intelligence and persuasion machinery constructed by JOHNSON. The once formidable staff of the majority leader shrunk to a pitiful handful.

Moreover, MANSFIELD's theory fed upon itself. As his sightless and voiceless operation predictably gave birth to disorderly fiascos in the Senate, he increasingly withdrew within himself.

MANSFIELD is now nearly isolated. He has regular contact only with two or three conservative Senators (who have little interest in promoting the Kennedy program). There is almost no communication between MANSFIELD and Minnesota's HUBERT HUMPHREY, the assistant majority leader.

In his isolation, MANSFIELD got the current foreign aid debate off to a bad start by proposing a cut in funds without consulting key members of the Senate Foreign Relations Committee. He has not conferred with Arizona's Senator CARL HAYDEN, chairman of the Appropriations Committee, about the critical slowdown in money bills. He mistakenly got the impression that Virginia's Senator HARRY F. BYRD, chairman of the Finance Committee, had agreed to finish action on the tax cut bill within 6 weeks (when BYRD really had no such intention).

Worse yet is the way MANSFIELD's over-courteous attention to the wishes of other Senators gives de facto control of the Senate to any Member who wants to impose his own schedule on his colleagues. That often turns out to be WAYNE MORSE, of Oregon.

Though blessed with a 2-to-1 Democratic majority, MANSFIELD defers repeatedly to Republican wishes—an attitude which helps make Minority Leader EVERETT MCKINLEY DIRKSEN, of Illinois, the most powerful man in the Senate today (and one of MANSFIELD's ardent admirers).

The confusion is compounded by the fall of Bobby Baker, who as the Senate majority's secretary often was MANSFIELD's only link to reality and the rest of the Senators.

Rank-and-file Democratic Senators reveled in their new-found freedom when MANSFIELD first replaced JOHNSON, but their smiles faded long ago.

They also yearn for a little old-fashioned partisanship. When MANSFIELD lauded Republican Senator JOHN WILLIAMS, of Delaware, for exposing details of the Baker case, two Democrats silently stalked off the floor in disgust.

But this doesn't mean a plot to dethrone MANSFIELD is in the making. That's not the way of the world's most exclusive club.

[From the Evening Star, Nov. 13, 1963]

CREEPING ENNUI IN CONGRESS—LACK OF ACCOMPLISHMENT SAID TO MAKE MEMBERS FEEL CRITICISM MORE

(By Doris Fleenor)

The Congress is experiencing something to which it is not accustomed, and that is just plain boredom.

It is on the defensive more than usual, but criticism is par for the course, and Members are adjusted to it. They ride out attacks and even scandal with considerable indifference, provided they feel they are accomplishing something.

But it is mid-November, and they are marking time on the annual appropriations chores and dawdling over what was, at the start, mostly leftover programs. The result is creeping ennui which is expressing itself in the remarkable outbreak of personalities in the Senate and frequently a reckless indifference to the consequences of the Members' own acts.

Senator DODD, Connecticut Democrat, apologized rather comically for breaking the club rules with attacks on his own and the Republican leadership. Yet out of the resulting ooze emerges a clear notion of the com-

plaint heard in ever-rising volume. The complaint comes from moderates as well as liberals, and even some experienced conservatives acknowledge misgivings that the "ins" of both parties will eventually suffer at the polls.

The complaint is itself a paradox. It amounts simply to a cry for leadership. Reminders that strong leadership from the President and party leaders is always resisted with cries of "dictator" are brushed aside. It would appear that what is wanted is at least an appearance of conviction and struggle.

Congress misses those impatient men who breathed down their necks and demanded "hurry, hurry, hurry." A veteran moderate who has served in House and Senate voices the pervading lament in these terms:

"The President is working hard, but he does not make us feel that he cares intensely, and we must care, too. Sure, the public likes him and his family and he will get by next year, but what about us? We are taking the rap for his desire to get on with everybody."

"Even the calendar is turned against us by our own leaders. They are so eager to please us as individuals they make it next to impossible for us to function as a legislative body. We anticipate a vote and then learn that MANSFIELD has promised we will not have it for a week so some Members can go home. We are repeatedly in session when a private promise means nothing can happen."

A Democratic Senator who doggedly resisted the then majority leader, LYNDON JOHNSON, at some cost to himself, still says that JOHNSON was imperious, unfair and played favorites but adds: "I wish I had him back."

The situation on the Hill raises the old question of the President's commitment to his ideal of a strong Presidency and to his program. His aids are already in print with explanations of the limits of his power, and it is hard to discern even now any real dent in the complacency of the executive branch.

THE PRESIDENT AND HIS PARTY—DEMOCRATS CONTROLLING CONGRESS CALLED UNWILLING TO ENACT LEADER'S PROGRAM

(By David Lawrence)

President Kennedy would be overwhelmingly defeated if the presidential election were held today and the standards of judgment and the system prevailing in other English-speaking democracies—such as Canada or Great Britain—were applied.

For the Democratic Party, which holds 67 percent of the membership of the Senate and almost 60 percent of the House of Representatives, has failed after more than 10 months of continuous sessions to pass the legislative program proposed by its titular leader, President Kennedy.

The truth is the chosen representatives of the Democratic Party have been unwilling to use their clear majority of votes to adopt the recommendations of the President, either because the voters of the country do not approve or because the legislators have themselves mistakenly interpreted the wishes of the people.

When a party in power under the parliamentary system fails, it is customary for the Nation to turn that party out of power in an election called whenever the voters really demand it. Under the American system, there is no such way to fix responsibility. It cannot be determined immediately whether the President is at fault for having failed to exercise effective leadership within his party. Nor can it be determined for 2 years after an election whether Congress has really been heeding the voices of the citizens in disapproval of the President's policies or whether the Democrats in Congress have misconstrued



the wishes of the people in holding up many of the measures proposed by the executive branch of the Government.

It has often been argued that, in the United States, a President who cannot control his own party in Congress can look to the opposition party to gain enough votes so that a coalition will form a majority and adopt his program. But the fact is that an unorganized coalition of Republicans and Democrats in both Houses of Congress has actually emerged on several controversial questions as an opposition majority to block the passage or demand substantial changes in pending measures before they can even be considered for passage.

The Democratic Party in Congress today, moreover, not only possesses a clear majority but controls every committee in both Houses. In committees, too, a combination of two parties can block action and actually is doing so today in many instances. So, for all practical purposes, the coalition majority is, in effect, repudiating the policies of the Democratic Party leader—President Kennedy.

In other countries, this repudiation would be accepted as sufficient reason for asking the country by its votes to decide at once whether a new prime minister should be chosen from the opposition party or whether the existing majority party should be given a vote of confidence and permitted to keep its leader or select a new one from its own party. Thus, the people do the deciding, and they hold the incumbent party or its leader responsible.

Today in the United States, however, the Nation has no clear idea of who is responsible for the stalemate in Government. The concept of Presidential leadership is fuzzy. The talk in the press is that President Kennedy is popular, and the public opinion polls are cited to support the idea. But a foreign observer would ask how a President can be popular if he cannot command a majority in the National Legislature.

In off-year elections, when the names of the presidential nominees are not on the ballot, a clear-cut example of a mandate is rarely furnished by the electorate. Indeed, in the November 1962, congressional elections there were more Republican than Democratic votes cast in the regions outside the solid South, but the Democratic Party nevertheless furnished enough Members to make virtually a two-thirds majority. Yet everybody knew that southern Congressmen don't agree with the administration's viewpoint.

When, however, the Democrats retained their majorities in both Houses of Congress in the national election in 1962, this was hailed by Mr. Kennedy's supporters as a victory for him. Yet today—12 months later—the Democratic Party has failed to get the support of its majority in both Houses to pass the legislation the President has demanded. The conclusion is that the people of this country, through their congressional representatives, disapprove of the legislative program proposed by the Democratic Party's national leader and want a change in leadership.

#### CONGRESS NEEDS DEFENDERS

(By William S. White)

What's the matter with Congress, and especially the Senate, and why isn't it doing more?

There are several answers. The session has been far too long, the President having asked far too much, and it looks as if the present Congress will still be sitting here struggling with old problems when the new Congress is called to assemble next January. Members therefore are tired and irritable—and unduly afraid of a bitter and sustained attack on Congress, as an institution, that is not being met by Congress itself with courage or commonsense.

This strictly bipartisan assault comes from an odd collection. There are political theorists who believe both the Senate and House are mere horse-and-buggy nuisances which should be retired to some dusty national museum while the White House—so long as they like its current occupant—runs all the show. There are violently pro-Kennedy men who think anything the President proposes is unarguably good and thus that any congressional resistance, or even delay in meeting his demands, is unarguably obstructive and evil.

There are other well-intentioned people who, through long brainwashing, have come to believe that congressional performance is to be measured like industrial production or the sales rate of liverwurst at the supermarket. So many thingajimmies off the assembly line this month; so many packets of sausage across the supermarket counter.

#### OVERLOOKED OBLIGATION

In many minds the sole standard of congressional achievement has come to be how many bills have been passed in what period. This extraordinary foolishness wholly overlooks the fact that negative inaction on unwise proposals is quite as important as positive action on wise proposals—and also happens to be the constitutional obligation of an independent constitutional body called Congress.

And, finally and most important, there is a highly articulate splinter group within Congress itself which for 2 years has been making its own wild attacks on the very constitutional body to which it asked to be elected.

These fellows in nearly every case are disgruntled legislative failures in a forum where their political abilities fall short of their ambitions. Unable to impress their colleagues, they look about for the reason. Invariably, they find that reason not within themselves but within the shortcomings of Congress itself. It is archaic. Its rules are backward-looking. It needs vast, if somewhat ambiguous, reforms. It is run by some sinister establishment.

They are like second-rate ballplayers who blame everything in sight—the manager, the umpire, their associates, the rules—for their embarrassing inability to hit more than .150. In sports, nobody is fooled by such fellows. Sour grapes, in ordinary life, are sour grapes, and a few need a degree in advanced horticulture to know them for what they are.

When, however, attacks upon the institution of Congress come from among presumably responsible members themselves, they stir the interest of the outside citizen and, finally, his support. Quite understandably, he cannot believe that men elected to Congress would demean it without cause. After all, this is no Friday night ball game and beer and hotdog romp.

#### NOT ALWAYS WRONG

Nevertheless, Congress generally not only has failed to answer these attacks from within. Worse, too many Members who know better give shamefaced and crawling countenance to them, lest they be branded as not "modern" enough. To cite a notable example, Senator CLARK, of Pennsylvania, has made a positive career of denouncing the Senate in which he sits, and of complaining in private of the better committee assignments unaccountably given to others, without once being challenged on the center of his philosophy.

But when a good man of Congress like Senator DONN, of Connecticut, blows up in momentary frustration to criticize not Congress but simply some leader or leaders of it, the roof falls in upon him. What Congress needs is to pull up its socks and defend itself as part of the constitutional structure of this country. It is often wrong and it has all

the human shortcomings of a human assembly. But it is surely not always wrong. And in defending its constitutional independence it can never, never be wrong.

#### LASER RAY AS AN ANTIMISSILE DEVICE

Mr. MILLER. Mr. President, the Sioux City, Iowa, Journal, on September 29 published an intriguing article on the potential of a fantastic experiment which it said could "easily tip the world balance of power." If this weapon, better known as the laser ray—light amplification by means of stimulated emission of radiation—could be developed as an antimissile device, it could well be a fruitful and giant step toward the peace all of us desire. But the question is: Will we or the Russians develop it first? It is a matter of major importance to all of us.

I ask unanimous consent that the article, "United States Bets Billion on Laser Ray To Become Missile Killer Beam," may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### UNITED STATES BETS BILLION ON LASER RAY TO BECOME MISSILE KILLER BEAM

(By John Woodfield)

BALTIMORE.—Somewhere in outer space, an intercontinental ballistic missile streaks for its target.

Suddenly, from a satellite orbiting the earth, a tiny beam no larger in diameter than a piece of thread, is trained on the ICBM. The missile shudders, jerks erratically, then plunges harmlessly into the ocean.

Although it sounds like something out of a comic strip, such a beam soon may become a reality. So much faith does the U.S. Government have in it, that \$1 billion in contracts for its research and development already has been let.

#### CUT THROUGH DIAMONDS

Known as lasers (light amplification by means of simulated emission of radiation), laboratory models already have hinted at the tremendous source of untapped energy by cutting through diamonds and battleship steel in seconds.

Discovered less than 3 years ago, in 1960, lasers are coherent light beams—light beams all of one wave length. Because the beams are of the same wave length they do not dissipate as does incoherent light. Thus, laser beams are many times brighter and hotter than the center of the sun.

Scientists already have discovered many fields in which lasers can work effectively, but the Government is most concerned at the moment with their use as antimissile weapons. Such a weapon could easily tip the world balance of power, and it is common knowledge that Russia is working along the same lines.

Because lasers, like other light rays, have difficulty piercing fog, their use as a defense against missiles would have to be from satellites orbiting the earth. This would eliminate the problem of cloud reflection present in the earth's atmosphere.

#### SIMPLE DEVICE

The laser itself is a rather simple device. It consists of a core or rod around which is wrapped a spiral flash lamp similar to those used in taking pictures. As the lamp is flashed, the light excites the chromium atoms in the core, and they move farther away from their nuclei. As the atoms drop

back into their normal orbits, they give off powerful bursts of pure light.

The core of the laser usually is a tiny, synthetic ruby rod, silvered at one end to force the manufactured light through the other. Various types of gases also can be used as the core of a laser.

Researchers across the Nation are working around the clock to develop lasers for military use.

Westinghouse defense center in Baltimore, like many other firms, is working on the project. And, like other companies, it is pouring its own funds into the race as well as government money. This year alone, Westinghouse has allocated \$5 million of its own money for laser research—probably the greatest single effort of any firm in the country.

#### MESSAGE CARRIER?

Among other things, Westinghouse is attempting to send messages via laser beams.

Because lasers have much shorter wave lengths than radio beams, many more messages could be sent on each beam. Theoretically, one laser beam could carry as many messages as all the radio frequencies in the world currently in use.

The difficulty lies in breaking or modulating the laser beams to carry messages or possibly producing sidebands which would serve as information carriers.

Laser communication also has military application because the beam can carry a message without detection unless the beam is interrupted.

In the case of radio, the message is radiated in all directions from a transmitter. Anyone within the circle of effective radio range can tune in the frequency if he has the proper type receiver.

Using a laser, however, all the energy is concentrated and focused on one point. Since the beam is flashed only for a few millionths of a second, it is virtually jamproof, since it must be blocked or intercepted with a physical obstruction between the source and the target.

Power requirements are fantastically lowered through the use of laser, since it requires only one millionth of the power to achieve the same results as radio equipment with the same output.

Radar applications of laser could provide better range and accuracy than present techniques.

#### USED IN SURGERY

Linked to a telescope, the laser could be sighted like a rifle. The beam following the line of sight of the scope could direct a missile to a target with a minimum of risk to personnel in the field.

Because of their tremendous heat and energy, laser beams already have been used effectively in eye surgery to weld detached optic nerves to the retina. Since the beam can be aimed directly through the pupil of the eye, the need for many surgical eye operations is eliminated.

#### DEMANDS WHICH SHOULD BE MADE OF THE SOVIET UNION

Mr. MILLER. Mr. President, Columnist John Chamberlain, writing in the Cedar Rapids, Iowa, Gazette, has thought-provoking comments on what the United States should demand in future dealings with Russia.

He points out, in one comment, the fears many of us have expressed:

However, if the test ban merely recognizes the fact of a mutual atomic checkmate, it exposes the United States to all manners of psychological dangers. We are already hearing that there must be a further relaxation of tensions.

He goes on to warn that this is a time of what he terms "incipient euphoria." He then outlines what he feels we should do to formulate a policy of iron hardness in future dealings with the Soviets.

I believe those points are well taken and should be read by everyone.

I ask unanimous consent that the article, entitled "Things We Should Demand in Future Dealings with Russia," may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### THINGS WE SHOULD DEMAND IN FUTURE DEALINGS WITH RUSSIA

(By John Chamberlain)

The test ban treaty is now part of our world, and taken by itself I persist in thinking it a desirable thing. The chance that Russia might, in the absence of further atmospheric testing, beat us to producing an effective antimissile missile or a means of jamming military communications systems on a continental and oceanic scale seems really remote. This may testify to my technological innocence, but I haven't seen anything yet that would indicate that either side is on the trail of either the absolute nuclear weapon or the absolute anti-weapon.

Furthermore, it is not in the cards that the United States and the Soviet Union will ever fight an atomic war no matter what is done in the realm of further testing. At atomic struggle would bring two sets of "overkill" into action—and the peoples who live at the ends of the earth, far away from what would become the smoking and poisoned shambles of the east European "heartland" and the North American Continent, would live to capitalize on the disappearance of two monster world powers.

Assuming there is an iota of self-interest in Soviet Russia and in the United States, neither Khrushchev nor John F. Kennedy will ever press a button that would effectively hand the world over to the Red Chinese.

However, if the test ban merely recognizes the fact of a mutual atomic checkmate, it exposes the United States to all manner of psychological dangers. We are already hearing that there must be a further relaxation of tensions.

The thought of this is alluring, but the terms are not defined. Tensions, we know by the example of people in madhouses, can be relaxed by the cultivation of illusions.

#### PEACE-LOVING SOUL

Or they can be relaxed on one side by exploiting the tensions of the other side. The danger is that the American peace movement, which has always been softheaded, will prove strong enough to win the day for a saffety-through-illusion victory.

As a peace-loving soul, I would gladly have my own political tensions relaxed. Then I could apply for a pleasant job covering the New York Mets. However, illusions have never appealed to me, and I should hate to lose that tense feeling merely because I have been put on the receiving end of one of Khrushchev's one-two punches.

It seems to me that in this time of incipient euphoria, the diplomacy of our country should take the precaution of becoming ironhard. It is in short a time for a schedule of "yes-buts."

Let us make a stab at formulating such a schedule:

1. Yes, we should take advantage of the crop failure in the Soviet Union. But if we are going to sell wheat to Russia we should get more than gold or dollars in exchange. We might offer a certain amount of wheat

on condition that free farming, with private ownership of acreage, be restored in all the captive nations of Eastern Europe. We might offer still more wheat if free farming were to be restored in Russia itself.

2. Yes, we should have more reciprocal movement of journalists, tourists, students, artists, athletes, and technicians across borders. But we should insist that movement inside the borders really be free. When Secretary of Agriculture Orville Freeman returned recently from an 18-day trip to the Soviet Union without having been let in on the secret that the Russian wheatlands weren't producing, it was, to put it mildly, a little ridiculous.

#### CUBA MISSIONS

3. Yes, we should have a detente on Berlin and Eastern Europe. But in exchange for recognizing a neutral belt stretching from the Baltic to the Black Sea, we should insist that the Berlin wall come down and the Germans be allowed to unify on their own uninhibited terms. Moreover, the new East European neutrals should be permitted the free elections that were originally promised in the Yalta deal.

4. Yes, we should be willing to sign a comprehensive nonaggression pact with Khrushchev. But not until he has taken his minions out of Cuba, dismantled his fifth columns everywhere, and denounced the sly tactic of encouraging indigenous revolutions under the name of Titolsm.

This is just scratching the surface of the "yes-buts." Let's hear from a hundred million other "yes-butters" in the United States. Given a sixth or a seventh crop failure (and don't think he won't have it), Khrushchev must some day be disposed to listen.

#### SOVIET SEIZURE OF PROFESSOR BARGHOORN

Mr. MILLER. Mr. President, in connection with the deal with Russia, all of us are very much aware of the Soviet seizure of Prof. Frederick C. Barghoorn. At the time the nuclear test ban treaty was being considered in the Senate, we were assured that that was to be the opening wedge to friendlier relations and easing of tensions between the West and Communist countries, particularly the Soviet Union.

Like most Senators, I voted to approve the test ban treaty, but I pointed out that I would go along with the majority of Senators with the clear understanding that I wished to see some action on the part of the Soviet Union which would bear out the claims of the proponents of the treaty that such action was an opening to better relations and easing of tensions. I have not seen any evidence of better relations.

The treaty was hardly signed before we had more trouble on the autobahn in East Germany. And now we have heard of the seizure of Professor Barghoorn on the trumped-up charge of being a spy.

In today's issue of the New York Times there is a lead editorial entitled "Freedom of Exchange." It points out that this seizure could be a deliberate provocation on the part of the Soviet Union to bring about an end to the cultural exchange program, because the Soviets are concerned about their people knowing how we live in the United States and about their people seeing our visitors in the Soviet Union on a cultural exchange program.



Mr. President, I ask unanimous consent to have this editorial printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### FREEDOM OF EXCHANGE

President Kennedy stated well yesterday some of the larger implications of the outrageous conduct of the Soviet Government in the case of Prof. Frederick C. Barghoorn. It will be simply impossible to carry on any program of cultural or scholarly exchange with the Soviet Union if Americans asked to participate in it must face the risk of arrest by the secret police and indefinite confinement in a Soviet jail before the American Embassy is even notified.

The barbaric and unacceptable character of the Soviet behavior toward Professor Barghoorn is so clear that the suspicion must arise that this incident is a deliberate provocation aimed precisely at ending the cultural exchange program. Certainly the Soviet officials who ordered this action must have foreseen that it would leave the U.S. Government no alternative but to call off the negotiations scheduled to begin next week for renewal of the agreement on cultural and scholarly exchanges. A motive for such conduct is apparent in the Soviet leaders' acknowledged fear of the penetration of Western ideas among the people of the Soviet Union. Such maneuvering, aimed at putting the blame for an end to the exchange program upon the United States, would certainly be in the best Stalinist tradition.

Another possibility is that the Soviet leaders seized Professor Barghoorn in the belief that he could be traded for one or more Soviet spy suspects now imprisoned in this country. President Kennedy indicated yesterday that if the Soviet action is based on any such presumption it will not be successful. This is the only possible stand. Any other policy would make it extremely hazardous for any American citizen without diplomatic immunity to be in the Soviet Union at any time that the United States arrested a Soviet spy suspect. Surrender to such blackmail would only encourage repetition of such extortion tactics.

#### AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MILLER. Mr. President, I thought it was significant when President Kennedy said yesterday that the kidnaping deal of the Soviets could jeopardize the wheat sale program. I believe that point was fairly well made, because last evening when the Senate was considering the Mundt amendment, it was pointed out that we cannot trust the Communists, that the promissory notes which would be given for three-quarters of the cost of the wheat sales would not be worth the price of the paper they were written on. At least, that was the point made—and I believe very well made and properly so—by the Senator from South Dakota [Mr. MUNDT].

If there are any doubts among Members of the Senate regarding the validity of the statement of the Senator from South Dakota [Mr. MUNDT], let them be laid at rest. On that very basis, the

President of the United States said yesterday that this type of activity by the Soviets indicates that we cannot trust them. This is all the more reason why we had better get cash on the barrelhead for the wheat.

In connection with the Mundt statement, there has been considerable reference to the recently authorized sale of wheat to Russia and other bloc nations. Assertions have been made that this will produce some relief to our balance-of-payments deficit problems.

I believe such assertions are well founded. We should understand that the relief will be only partial and temporary.

There have also been some assertions about savings to the taxpayers which have appeared to be exaggerated. I am referring particularly to savings estimates made by the Secretary of Agriculture, Orville Freeman.

On November 7 I placed in the RECORD a letter I had written on October 15 to the Secretary, inquiring about statements he had made that the proposed sale of 150 million bushels of wheat to the Soviet Union and the other bloc nations would result in savings to the U.S. taxpayer of about \$200 million in storage and other costs. I sought an explanation of how this could be accomplished since the expense for more than 1 billion bushels in inventory came to only \$201 million in fiscal year 1963. I noted that, as of that date, I had received only a reply from another official in the Department stating that he was assembling the data and would forward it at an early date. I wondered then why the Department did not have the information readily available in order to support Secretary Freeman's statement of savings.

In introducing the letter into the RECORD, I also referred to an article which appeared in the Wall Street Journal of October 15. The article, in noting Mr. Freeman's \$200 million savings estimate, asserted that he "didn't break down this estimate, but the Agriculture Department has estimated the savings in storage, transportation, and handling costs would total \$225 million during the current fiscal year and \$30 million in fiscal 1965."

This Journal statement was borne out by the Department's background report to correspondents on October 10 on "U.S. Wheat Supply and Distribution." Let me quote from page 9 of that report:

In fiscal year 1964, the chief effect on the Federal budget would be a net reduction of around \$225 million in budget expenditures, including CCC's storage, acquisition, and related costs. The actual costs would depend on the level of world prices and the consequent amount of export subsidy that would be required. In the fiscal year 1965, the impact would be to reduce CCC expenditures for storage and interest by about \$30 million as a result of the reduction in CCC holdings.

This is from one of Mr. Freeman's Department's publications.

Mr. President, on November 13, I received a direct reply from Secretary Freeman. Instead of the savings being effected in 1 year, as the report indicated, his letter now advises that the

savings would accrue over a 5-year period.

It would be next to impossible to effect savings of \$225 million in this fiscal year—which Mr. Freeman now recognizes—since the wheat probably will not be moved out until near the end of the current fiscal year, if it can be moved out at all by then. Unless he commandeered all the freight cars in the United States—which is unlikely—that wheat cannot be moved to the ports in such time. This means storage costs are accumulating, interest is mounting, not to mention the eventual \$90 million or so in export subsidies which would have to be added.

But to return to Mr. Freeman's 5-year plan of savings. According to his computations, it costs a total of 26.21 cents a bushel to keep wheat in inventory, which, multiplying this by the 150 million bushels involved in the proposed Soviet transaction, would result in annual costs of \$39.3 million.

He projected this annual cost over a 5-year period since, he stated, recent wheat disposition history shows that wheat acquired in 1963 would remain in inventory for slightly more than 5 years. Secretary Freeman wrote:

Based on that hypothesis, the savings on 150 million bushels of wheat that otherwise would be in CCC holdings would eliminate carrying charges of \$196.5 million over a 5-year period—\$39.3 million per year—at 26.21 cents per bushel.

I have a feeling, however, that Secretary Freeman is inflating that savings estimate somewhat, especially since the Department of Agriculture, in that background statement to correspondents alluded to earlier in my remarks, noted that because "the current U.S. wheat crop is smaller than overall requirements, there is a tight supply of privately held wheat, and the trade must buy 'extra' supplies from the CCC." In other words, the trade will be forced to turn to the Government for wheat in order to meet its needs; these needs appear to be great since, according to USDA compilations, the United States is the world's only country with a large and readily available wheat supply.

And how tight is this supply of privately held wheat? In its "Wheat Situation," also referred to as the "1964 Outlook Issue," released on September 5—well before any determination of a United States-Soviet wheat deal—USDA's Economic Research Service noted the "free" or privately held supply of old-crop wheat on July 1, 1963, was about 4 million bushels. A year earlier, it said, the free carryover was estimated at 130 million bushels.

Certain other aspects of Mr. Freeman's letter disturb me. In computing the 26.21 cents a bushel—or \$39 million annual savings—he included not only storage, handling, and interest charges, but resale payments and transportation costs for each year. The resale payments, including processing, were figured at the rate of 1.24 cents a bushel, or a total of more than \$9 million in the 5-year period he used. This is erroneous. Resale payments, of approximately

\$1.89 per bushel, are made only once, and thereafter the producer receives a storage payment of about 13 cents, the difference between the two being about \$1.76 a bushel.

It is hard to believe that 150 million bushels of wheat would be under resale for 5 years in light of existing conditions. According to the Grain Market News, put out by the Department on October 25, the quantity outstanding under resale loans in 1963 included 39,268,000 bushels of 1962 crop, 7,637,000 bushels of 1961 crop, 12,123,000 bushels of 1960 crop, and 5,591,000 bushels of 1959 crop, a total of less than 65 million bushels, a far cry from the 150 million bushels of wheat we would be led to believe would remain under resale for 5 years. These figures appear to negate inclusion of resale payments.

In addition, it is hard to visualize the Department incurring transportation costs of close to \$6 million a year for the same 150 million bushels.

I could agree that it may cost the Department an initial \$6 million, but not the \$30 million Secretary Freeman includes in computing his savings estimate. Mr. Freeman is not anticipating transporting the grain from one area of the country to another every year for the next 5 years, as he apparently did when he gave me this compilation.

I suggest that Mr. Freeman's savings are exactly what he terms them—a hypothesis, and that the hypothesis is built on erroneous premises. I recognize that some savings will be made to taxpayers, but I dislike to see them exaggerated.

I ask unanimous consent that Mr. Freeman's letter dated November 12, 1963, relating to savings calculations, be placed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., November 12, 1963.  
HON. JACK MILLER,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR MILLER: This is in further reference to your letter of October 15, 1963, wherein you requested information concerning the calculation of the reported \$200 million savings in storage and other costs that would accrue from a sale of 150 million bushels of wheat to the Soviet Union and the satellite bloc.

To compute the \$200 million savings, we used costs recorded in the fiscal year 1962 per bushel of wheat in inventory on the average during the year. These costs, in cents per bushel, are as follows:

|                           | Cents |
|---------------------------|-------|
| Storage and handling..... | 13.53 |
| Transportation.....       | 3.93  |
| Resale payments, etc..... | 1.24  |
| Interest.....             | 7.51  |
| Total.....                | 26.21 |

As you know, wheat is stored commingled and, for our inventory accounting purposes, it is disposed of on a first-in, first-out basis. Using recent wheat disposition history as a guide, wheat acquired in 1963 would remain in inventory for slightly more than 5 years. Based on that hypothesis, the savings on 150 million bushels of wheat that otherwise would be in CCC holdings would eliminate carrying charges of \$196.5 million over a 5-

year period (\$39.3 million per year) at 26.21 cents per bushel.

Sincerely yours,

ORVILLE L. FREEMAN,  
Secretary.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MILLER. I am very happy to yield to the Senator from Kansas.

Mr. CARLSON. The distinguished Senator from Iowa has made a very helpful analysis of the savings proposed to be made by the sale of wheat to Russia. As one who favors the sale and who favored it early, I have been using the figure of \$225 million as a saving, on the basis of the transaction.

As I understand the Senator from Iowa, the \$225 million figure is arrived at by spreading it over a 5-year period.

Mr. MILLER. The Senator is correct. Furthermore, it assumes that the wheat will in fact be held for 5 years if it is not sold. This is not a first-year saving. I recall that I first heard about this subject when I was at home in my State at the annual State cornpicking contest. A member of the press asked for my comments on Mr. Freeman's statement that the sale of 150 million bushels of wheat to the Soviet Union would save the American taxpayers next year approximately \$200 million. I recalled that the annual cost of storing about 1,200 million bushels of wheat came to about \$201 million.

Mr. CARLSON. Normally we hear it said that our storage costs are about a million dollars a day, for wheat, corn, and other commodities. That would be approximately \$365 million a year.

Mr. MILLER. Yes. When only 150 million bushels of wheat are involved, as against some 1,200 million bushels, which are in storage, and which cost only \$200 million, how can we have the same amount attributable to 150 million bushels of wheat?

At any rate, I decided that the thing to do was to write to Mr. Freeman and find out how he arrived at his figures. Finally I received his letter. I hope he will make it clear in future publications on this point that his figures were based on a 5-year period of storage.

Furthermore, I hope he will revise the figure as to the annual transportation costs, because we are not, I hope, moving wheat from the elevators in the State of the Senator from Kansas to the elevators in Texas, or back and forth over a 5-year period. If wheat is not, in fact, stored for 5 years, then of course, in light of the tightness of the private trade, it appears that present circumstances would indicate that there would not be anywhere near a 5-year storage period for the wheat if it were not sold to the Russians.

Mr. CARLSON. Mr. President, again I appreciate the information the Senator from Iowa has given in regard to the figure of \$225 million as a saving, because the general impression is that that is an annual saving. The information the Senator has given is very helpful. As further proof that it is generally accepted as an annual saving figure, in yesterday's Washington Evening Star,

the very outstanding financial writer, Sylvia Porter, published an article entitled "Benefits Cited in the Wheat Sale."

At the conclusion of the Senator's speech I shall ask that the entire article be printed in the RECORD, but at this point I should like to read a portion of it, as follows:

Benefit: The export of this wheat would allow a cut in our domestic budget spending of around \$225 million this fiscal year and of another \$30 million in the next fiscal year.

As one who supports the sale of wheat to Russia, I say that the Senator has rendered a real service in pointing out the facts with regard to the figures furnished by the Department of Agriculture. I believe that the country should know exactly what the actual savings are.

Mr. MILLER. I have about finished my main comments. If the Senator is so disposed and would like to include in the RECORD the article to which he has referred, I have no objection to his doing so.

Mr. CARLSON. Mr. President, I ask unanimous consent to insert in the RECORD following the speech by the Senator from Iowa the article written by Sylvia Porter entitled "The Benefits Cited in Wheat Sale," and a statement I made about the sale of wheat to Russia.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MILLER. Mr. President, I again thank the Senator from Kansas. I was intrigued when I heard him mention the article written by Sylvia Porter, which he asked to have printed in the RECORD.

As the Senator knows, I have had some difficulty with Sylvia Porter with respect to some of her economic principles. It is interesting that she has taken the same figure of \$225 million, which Mr. Freeman and the U.S. Department of Agriculture have put out, without giving it some scrutiny, which I am sure she would have been very capable of doing. I hope that perhaps she will use this colloquy as a basis for a future article on this subject.

At any rate, there will be some savings to the taxpayers, and I will be the first to recognize them. I indicated that if certain things were done, such as a cash sale, or a sale on short term commercial credit, perhaps on the basis of 90 days, at a fair price, in the light of the existing situation, which sees our allies making sales to the Soviet Union, leaving Uncle Sam holding the wheat sack, and taking into account our balance of payment deficit problem, and our desire to do something in many ways toward improving it, the United States would be on the plus side as far as this wheat sale to the Soviet Union is concerned.

At the same time, that does not mean that I will not criticize someone when he tries to create an approving public opinion by playing up savings to the taxpayers beyond what they are. Let us give the American people the facts. They do not need anything else. They do not need to have Madison Avenue window dressing on them. They do not



have to have exaggerations or half-truths or mistruths. Give them the facts, and they will be all right. I am quite sure that if they are given the facts they will be able to make a sound judgment.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. CARLSON. The Senator from Iowa mentioned the sales that have been made by other foreign countries to the Soviet Union. In the statement I placed in the RECORD as a part of my remarks, it is interesting to note:

Statistics for 1962 show that West Germany trade agreements with Russia alone totaled about \$700 million. Germany is now the third largest industrial nation in the world. Italy has a 4-year trade agreement with the Soviets for \$1.11 billion worth of goods. France has signed a 3-year trade pact with Russia for \$100 million in trade. India has a 4-year trade pact with Russia which provides annual trade of \$440 million. Japan has a 3-year trade pact with Russia that calls for \$365 million. The United States and Russian trade last year was \$16 million each way.

It is my contention that we cannot live in this age, in this period, without world trade. As I said earlier, I favored the sale of wheat to the Soviet Union. Not only that, but I think the time has arrived for us to send out some people with briefcases, to sell in the world markets.

Mr. MILLER. I thank the Senator from Kansas for his comment. The figures he has recited point up the facts of life. It is all very well to talk in terms of theories. I am all for theories. But I think we ought to know where we are going and why we want to get there. We have a condition to be concerned about when we are trying to move toward our objective. The condition is that we are not calling the turn on our allies. I am not sure we could. Even if we could, I am not sure it would be desirable to force them to an isolation of the free world from the Communist world.

Mr. YOUNG of North Dakota. Mr. President, will the Senator from Iowa yield?

Mr. MILLER. I yield.

Mr. YOUNG of North Dakota. There is something more important involved than in the sale of wheat to Russia. We must consider our overall military security and the effect it would have on the whole U.S. economy. How would the sale of wheat to Russia affect the security or the economy of our country?

Some 10 or 12 years ago the United States refused to sell wheat to Russia, so the Russians broke up millions of acres of new land. Until a drought occurred the last 2 years, they had become net exporters of wheat. Now the Russians are engaged in a program of more irrigation to increase wheat production. That will prove to be rather expensive. But their other program will succeed; that is, to pour on fertilizer, as we do. Also, they are beginning to use more and more insecticides and herbicides. They have not been able to purchase this material from the United States, but we sell it to England and other countries, which in turn resell it to Russia. So it would

be easy for Russia to pour on more fertilizer, use more and more insecticides and herbicides, and thus increase her production of wheat and other commodities 20 to 30 percent.

We think we have a good agricultural production in the United States, but production per acre in Japan is probably twice as much as it is in the United States. So Russia does not have to go far to find new techniques to increase greatly her agricultural production.

In my opinion, the United States would be much better off to have Russia dependent on us for a part of her food needs than to have Russia become self-sufficient, as Hitler and Mussolini tried to do for their countries prior to their engaging in World War II.

Mr. MILLER. I agree with the views of the Senator from North Dakota. However, I think we must emphasize what the President pointed out to the American people, namely, that we cannot count on the sale of wheat to Russia as a basis for future agricultural programs. We must look upon this transaction as a one-shot deal. We can be quite sure that the Soviet Union and the Soviet bloc nations will do their utmost to see to it that they do not have another crop failure.

Mr. YOUNG of North Dakota. Mr. President, will the Senator from Iowa further yield?

Mr. MILLER. I yield.

Mr. YOUNG of North Dakota. They intend to become as nearly self-sufficient as possible. A nation as big as Russia, and having as much land as Russia has, can do so easily.

Mr. MILLER. That is correct. If this is to be a one-shot deal, as the Senator from North Dakota has said, we might as well let Russia spend its money for our wheat, rather than spend it on something else, such as bringing more land into production in the hope that there will be a good crop next year.

Mr. YOUNG of North Dakota. In the past 11 years, the United States has purchased \$92 million more in goods from Russia than Russia has purchased from us. In other words, Russia has received \$92 million of our money in the past 11 years to use in spreading communism throughout the world. Russia can do much more damage with our dollars than she can with our wheat.

Mr. MILLER. I thank the Senator from North Dakota.

Mr. President, the New York Times for today, November 15, has published an article entitled "Eight Million Dollars of Wheat Sold to Hungary." The article states:

The sale of 100,000 more tons of wheat to Hungary was disclosed today—

That is, on November 14—

The Commerce Department announced that it had issued an export license for the \$8 million sale. This price is \$400,000 more than was received for 100,000 tons sold November 8.

That is what caught my eye. Why should the sale of wheat on November 8 have been for \$400,000 less than the amount for which the same quantity of wheat sold a week later?

It makes me wonder about the world price rule that the President laid down when he gave to the American people his conclusions concerning whether the proposed wheat sale should be approved. I suppose it is this kind of question that prompted 10 Republican House Members to call on President Kennedy to "reveal and explain" details of the negotiations on the wheat deal with Russia. The article states:

They contended that what had been originally billed as a private trade deal was becoming a "government-to-government" transaction.

Also, the Baltimore Sun for today, November 15, has published an article entitled "Guidelines on Grain Set." The article refers to the guidelines with respect to the shipments of wheat. It will be recalled that when the President gave his approval of the sale of wheat, he set forth as one of the conditions that the shipments be made in American-owned bottoms, if they were available. That sounded good; but after a while news reports indicated that shipping charges in American-owned bottoms were higher by quite a bit than shipping charges in foreign-owned bottoms, and that the Soviet negotiators were not happy about that and were resisting.

Trial balloons, about which we read so much in Washington area newspapers, were sent up. Someone suggested that if the charges for shipping in American-owned bottoms were higher than the charges for shipping in foreign-owned bottoms, perhaps the American-owned bottoms were not available within the context of the President's conditions.

But the negotiators finally got around that situation to the point that it appears that if the exporter can show that he will ship the wheat 50 percent in American bottoms, and cut the cost somewhat, such an arrangement will be satisfactory.

That is another reason why this entire proposition should be brought into the open. The American people should know not only what the President's conditions were, but how they are being met. It is fine to tell the people about conditions; but it is much better to play fair with them and tell them how he conditions are being met and interpreted.

Mr. President, I ask unanimous consent that the articles from the New York Times and the Baltimore Sun be printed at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York (N.Y.) Times, Nov. 15, 1963]

EIGHT MILLION DOLLARS OF WHEAT SOLD TO HUNGARY—SECOND LOT OF 100,000 TONS GETS \$400,000 RAISE IN PRICE

(By William M. Blair)

WASHINGTON, November 14.—The sale of 100,000 more tons of wheat to Hungary was disclosed today.

The Commerce Department announced that it had issued an export license for the \$8 million sale. This price is \$400,000 more than was received for 100,000 tons sold November 8. The November 8 deal was the first sale of wheat to a Soviet-bloc country since President Kennedy approved sale of farm

products to Russia and satellite countries on October 9.

Both sales were made by Cargill, Inc., of Minneapolis.

The new Hungarian sale came shortly after President Kennedy told his news conference that the atmosphere for trade with the Soviet Union as represented by the wheat deal had been damaged by the arrest of Prof. Frederick C. Barghoorn of Yale University on spy charges.

#### NEGOTIATIONS STILL ON

There still was no word on private negotiations underway between grain merchants and a Soviet wheat mission on the direct sale of \$250 million worth of wheat to Russia. Some official sources expected a deal at any time, especially now that the Commerce Department has published its official regulations governing the cost of shipping wheat to Russia.

The regulations issued today followed the outline disclosed last Friday by Under Secretary of Commerce Franklin D. Roosevelt, Jr. In effect, they set a ceiling rate of \$14 to \$18 a ton for wheat shipped to Black Sea and Baltic ports. These rates still are above world charter rates, which officials still insisted were rising to close the gap.

#### BELOW AID SCHEDULE

The rates were established by setting them 20 percent below the schedules for foreign aid shipments through Public Law 480, the surplus disposal statute, for 10,000- to 15,500-ton U.S.-flag ships. The 20 percent lower rates applied to larger ships, mainly tankers, of 15,600 to 30,000 tons.

Guideline rates for vessels over 30,000 tons will be subject to consultation on specific shipments, the Maritime Administration said.

As worked out with the Russians, U.S.-flag ships will be used for 50 percent of the wheat. This is the same division set down in law for foreign aid shipments.

The maximum "fair and reasonable" rates established by the Maritime Administration showed that shipments from North Atlantic ports to the Odessa on the Black Sea are \$16.55 a ton for winter and \$16.10 a ton for summer. From gulf ports to Odessa the same rates would be \$18.02 a ton for both seasons.

From North Atlantic ports to Leningrad on the Baltic Sea the maximum rates are \$14.35 a ton for winter and \$13.98 for summer. The same rates from gulf ports to Leningrad are \$16.21 and \$15.97, respectively.

Ten Republican House Members called on President Kennedy to "reveal and explain" details of the negotiations on the wheat deal with Russia. They contended that what had been originally billed as a private trade deal was becoming a "government-to-government" transaction.

[From the Baltimore (Md.) Sun,  
Nov. 15, 1963]

#### GUIDELINES ON GRAIN SET—APPLY TO FREIGHT RATES TO IRON CURTAIN COUNTRIES

WASHINGTON, November 14.—The Department of Commerce today made public its guidelines on freight rates for the transportation of wheat and the revised regulations governing the applications to export agricultural commodities to Iron Curtain countries.

At the same time, the Department granted an export license—the second granted—for the shipment of \$8 million worth of U.S. wheat to Hungary.

Although a previous export license for 100,000 tons at a cost of \$7,600,000, including transportation, had been issued last weekend, the company involved was having difficulty obtaining American-flag ships at the 20-percent cut rate announced last week and published today by the Government.

Owners of the bulk carriers have said they need from \$20 to \$21 per ton as the rate from the Gulf of Mexico ports to Odessa, compared to the \$18 figure set as the guideline by the Maritime Administration and the Department of Commerce.

#### BASED ON 1957 COSTS

They have claimed that only ships of 30,000 tons and more can afford to operate at the \$18 rate.

The rate out of the east coast ports would be about \$16.

The guidelines released today by the Maritime Administration and the Department of Commerce are based on the 1957 costs, which the industry has said are far too low in comparison with the actual costs of operation today.

The rates are based on the following conditions:

Mileage between the port of loading and port of discharge; loading and trimming expense, discharge expense.

#### USE OF U.S. CARRIERS

The regulations today again pointed out that at least 50 percent of the wheat and wheat flour will be exported on U.S.-flag vessels. If a U.S. carrier is not available at reasonable rates, exporters must obtain prior authorization from the Maritime Administration to ship less than 50 percent on U.S. carriers.

Upon the completion of shipping arrangements wheat and wheat flour exporters are now required, in addition, to notify the Maritime Administration of the export license number, the name of the carrier, the carrier's flag of registration, and the quantity of the shipment.

In addition to certifying shipping commitments on license applications, exporters of wheat and wheat flour must include a statement that these commodities were produced in the United States.

The Department of Commerce also is requiring all details of the financing arrangements, including the names of participating financial institutions, on the license applications. If the financing arrangements are not completed at the time applications are submitted, exporters must state on their applications that the Office of Export Control will be provided this information promptly as soon as financing arrangements are completed.

No exporter can sell more than 25 percent of the total quantity expected to be purchased in the United States.

Mr. MILLER. Mr. President, a very interesting article appeared in the Washington Post of November 5. It relates to a major long-term trade agreement between Algeria and Russia, based on an exchange of Soviet heavy equipment and arms for Algerian food. The news article indicates that, under the agreement, Algeria will export to the Soviet Union wheat and flour, among other foodstuffs.

It will be interesting to determine the original source of that wheat which will be shipped to the Soviet Union and whether the United States will be left holding the bag in the long run. According to the August issue of "Wheat Situation," published by the U.S. Department of Agriculture, U.S. exports to Algeria during the July 1962 to June 1963 period came to 9,971,000 bushels of wheat. The report also shows that 2,211,000 bushels of wheat flour and bulgur were shipped to Algeria under the foreign donation program during that same period.

But it should be even more intriguing to discover what happens to the food-for-wages program which the United States entered into with Algeria back in June. Under this program, as set out in a New York Times article of June 26, the United States agreed to furnish surplus food to Algeria to serve as part payment of wages for 60,000 jobless Algerians.

The article also notes that U.S. assistance in the form of surplus food continues to help feed about 2.5 million needy Algerians, about one-fourth the population. It indicated, in addition, that a third surplus food program on which an accord was near was a government-to-government arrangement under which the United States will provide wheat for the Algerian Labor Ministry to use for its own food-for-wages program without U.S. technical assistance.

Under this all-Algerian plan, about 300,000 jobless Algerians are expected to be employed.

If the Algerian people are so short of food and so dependent upon the United States in this respect, one wonders where the Algerian Government is going to get the foodstuffs—including wheat—to ship to the Soviet Union, in return for heavy equipment and guns. Could it be that the food for wages will not go to the needy Algerians, but will go to Russia, instead?

Mr. President, I think this is a matter of concern to us, not only because the United States may again be short-changed, but also because our surplus food sent to Algeria may wind up behind the Iron Curtain. I believe this matter should be scrutinized very closely and an accounting should be made by Algeria as to exactly where its Russian exports are to come from.

I ask unanimous consent that two articles—one entitled "Russia, Algeria Sign Trade Pact," and the second entitled "United States Signs Pact To Provide Food Aid to Algeria"—be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York (N.Y.) Times, June 26, 1963]

#### UNITED STATES SIGNS PACT TO PROVIDE FOOD AID TO ALGERIA—FARM SURPLUSES TO BE USED AS PART OF PAY TO EMPLOY JOBLESS IN RURAL AREAS

ALGIERS, June 25.—The United States signed today its first direct aid agreement with Algeria. It involved food and wages and technical assistance, but little cash.

Under the accord, the United States agreed to furnish surplus food to serve as part payment of wages for 60,000 jobless Algerians. These men will work on American-supervised soil conservation and irrigation pilot projects in four depressed rural areas—Constantine, Tizi-Ouzou, Orléansville, and Tlemcen.

The use of American technicians and planning sets these projects apart from food-for-work programs already underway in neighboring Tunisia and Morocco.

#### LONG-TERM GAINS SOUGHT

"Our idea," said an American official, "is not just to create jobs, but to produce some



long lasting economic improvement in these rural areas."

Starting this fall, 9 U.S. Soil Conservation Service specialists and 24 junior technicians furnished by the private international voluntary service agencies will live and work under contract on project sites. In addition, the United States will supply hand tools, some equipment and 42,000 tons of surplus food.

The annual cost to the United States, aside from the food, is estimated at slightly more than \$1 million. Most of the money will be spent in the United States.

The overall direction is under a special Algerian central authority responsible to the Algerian Labor Ministry. The ministry will pay the workers' wages, except for the U.S. food.

The workers' cash wages have been the subject of United States-Algerian negotiations for more than 6 months, since Premier Ahmed Ben Bella agreed in principle to the U.S. plan.

Some Algerians wanted the United States to provide cash as well as food. On a 60-cent daily wage basis, this would have meant a cash outlay of more than \$6 million a year. The request was turned down in Washington.

#### OTHER FOOD AID CONTINUES

U.S. assistance in the form of surplus food continues to help feed about 2,500,000 needy Algerians, about a fourth the population. Last March the number reached 4 million.

An agreement is near on the continuation of such help to be handled by Care-Medico, Inc., a private agency, using U.S. Government wheat, vegetable oil and dried milk. A labor ministry census has reduced the number expected to be hard-core needy recipients by this fall to 1,300,000.

A third surplus food program on which an accord is near is a government-to-government arrangement under which the United States will provide wheat for the Algerian Labor Ministry to use for its own food-for-wages program without U.S. technical assistance.

About 300,000 jobless Algerians are to be employed under this all-Algerian plan. The remaining 500,000 jobless Algerians are expected by labor ministry officials to be absorbed in a general economic recovery. Western observers regard this prediction as optimistic.

[From the Washington (D.C.) Post, Nov. 5, 1963]

#### RUSSIA, ALGERIA SIGN TRADE PACT

LONDON, November 5.—Moscow radio today announced a major long-term trade agreement between the Soviet Union and Algeria, based on exchange of Soviet heavy equipment and arms for Algerian food.

The radio said that under the agreement signed in Algiers yesterday the Soviet Union will send Algeria ships, arms, trucks, farm machines, and other capital equipment, as well as timber, paper, oil products and chemicals.

Algeria will export to the Soviet Union citrus fruits, dates, wheat, olive oil, flour, wine, alcohol, fruit juices, hides and other traditional exports.

Mr. MILLER. Mr. President, I yield the floor.

#### EXHIBIT 1

#### BENEFITS CITED IN WHEAT SALE

(By Sylvia Porter)

Now that the ground rules finally have been set for sales and shipments of U.S. wheat to the Soviet bloc, let's assume the Kremlin follows through and buys the limit of 4 million long tons President Kennedy

has authorized for sale. What would this deal mean to our wheat economy in particular and the U.S. economy in general?

Far, far more than most Americans realize, says Erwin E. Kelm, president of Cargill, Inc., of Minneapolis, largest grain merchant in this country and the corporation which made the first sale of 100,000 tons of wheat to Hungary last Friday. In fact, some of the economic benefits which Mr. Kelm sees stemming directly from these sales well may startle even top experts on wheat and foreign trade. Specifically:

**Benefit:** While this one deal would increase our total wheat exports over 1962 by less than 28 percent, it would more than double our dollar sales of wheat compared with last year.

**Explanation:** In recent years 70 to 75 percent of all our wheat exports have been so-called giveaway sales. We have been selling wheat through normal commercial channels to foreign buyers, but permitting the countries to pay for their purchases in their own soft currencies.

Our Government has been accepting these soft currencies—of such underdeveloped countries as India, Pakistan, Indonesia—and then has been paying the U.S. exporters in dollars.

"The true value of the soft currencies our Government has accumulated from these concessional sales probably amounts to only 12 to 15 cents on the dollar," Mr. Kelm believes.

But the wheat being sold to Russia and the Soviet bloc is to be paid for in gold and hard cash. The sale of 4 million long tons would increase our dollar earnings from wheat by over \$250 million more than 100 percent above 1962's earnings.

**Benefit:** This \$250 million increase in our dollar earnings would slash the gap between what we earn abroad and what we spend abroad by at least 10 percent—thereby significantly reducing the dangerous deficit in our balance of payments.

**Explanation:** This deficit is now running at an annual rate of \$2 billion, down from the near-catastrophic rate of earlier this year, but still large enough to pose a relentless threat to our dollar. The benefit of an increase in our dollar earnings of \$250 million is obvious.

**Benefit:** This one sale would radically change our entire domestic wheat picture—virtually eliminate our wheat surplus and actually reduce our reserve to only a prudent level.

**Explanation:** The Department of Agriculture just predicted that on next June 30, our wheat carryover will be no more than 725 million bushels, "a scant 125 million bushels over what the Department considers a prudent reserve," says Mr. Kelm. The Cargill president believes President Kennedy's 4-million-ton ceiling on Russian sales "reflects a concern that our stocks might suddenly be reduced below the level of a safe reserve."

**Benefit:** The export of this wheat would allow a cut in our domestic budget spending of around \$225 million this fiscal year and of another \$30 million in the next fiscal year.

**Explanation:** As the Government's wheat surplus disappears, the costs of storing the grain will shrink.

**Benefit:** The elimination of the wheat surplus and the present high world prices for wheat will give us an extraordinary opportunity to work out a reasonable program to solve our chronic wheat problem.

**Explanation:** Not in years have we had so favorable a surplus-price background against which to agree on a transition program acceptable to all of us—wheat producers, consumers, taxpayers.

As a company vitally involved in the Soviet transactions, Cargill properly refuses to comment on the wheat decision or its enormous political implications. But, says Mr. Kelm flatly, "the economics of the sales are sound"—and he's certainly documenting his view.

#### WHEAT TO RUSSIA

(Statement by Senator CARLSON, October 8, 1963)

Russia's purchase of 239 million bushels of wheat from Canada for \$500 million, with a delivery date of next July 31, and her purchase of 58½ million bushels of wheat from Australia, valued at \$90 million is of concern to every U.S. wheatgrower from the standpoint of future export markets.

With this sale, Canada has sold practically her entire surplus from the 1963 crop. The temptation, of course, will be for the Canadians to increase their wheat production for future sales not only to Russia, but other countries that need wheat and this means further competition for us.

The last session of Congress spent months writing foreign trade legislation and I believe every realist must agree that despite its idealistic approach to world trade our experience—which is limited—must convince everyone that trade between nations must be realistic and practical. World trade is not only competitive, but it is a cold, calculated business operation.

Russia and Canada are our real competitors in the world trade of wheat. We have never sold wheat to Russia, as her wheat trade has always been on the export side of the market.

Selling wheat behind the Iron Curtain can be an American opportunity to improve our position in the cold war. It can also be an immediate financial gain, in view of our balance of payments.

Russia's original arrangement for payment to Canada for wheat purchased was based on a credit term of 18 months, the first 25 percent to be paid in gold. Now we are advised that Russia will pay the entire amount in gold immediately on delivery.

Our Nation lost \$423 million worth of gold from January 1 to August 31, 1963. Our gold reserve has dropped from \$24 billion in 1954 to \$15.7 billion in 1963.

There are some who will argue that the sale of wheat to Russia strengthens communism, but the facts are that Russia is securing not only foodstuffs, but industrial products from our allies in ever increasing quantities. For instance, statistics for 1962 show that West Germany trade agreements with Russia alone totaled about \$700 million. Germany is now the third largest industrial nation in the world. Italy has a 4-year trade agreement with the Soviets for \$1.11 billion worth of goods. France has signed a 3-year trade pact with Russia for \$100 million in trade. India has a 4-year trade pact with Russia which provides annual trade of \$440 million. Japan has a 3-year trade pact with Russia that calls for \$365 million. The United States and Russian trade last year was \$16 million each way.

I am not advocating the sale of strategic materials to Russia, but I do urge that our Nation give every consideration to expanding our foreign trade with Russia and her satellites in nonstrategic items. We are now selling wheat to Germany, France, and other European countries. Much of this wheat is processed into flour and foodstuffs by these countries and then sold to Russia, therefore, Russia gets our wheat whether we sell it to them or not.

Some are of the opinion that we should not sell wheat to Russia at a subsidized price. The facts are we do not export any wheat in the world market through dollar sales

or Public Law 480 that does not carry a subsidy. This is true whether we sell to such Communist countries as Poland, Yugoslavia, or our allies. The present subsidy is about 55 cents per bushel.

The subsidy does not go to the exporter or to the country that buys the wheat. It goes to the American wheat farmer in order to maintain domestic prices above the world market.

At the present time Russia and her satellites, such as Hungary, Czechoslovakia, East Germany, Rumania, and Bulgaria are in the market for wheat. In my opinion, it is in our Nation's interests, from both a financial and a humanitarian standpoint, to sell this grain. Increased exports of wheat from the United States at the present time would not only aid in reducing our surplus, but would also improve our balance of payments, strengthen domestic wheat prices, reduce the taxpayer's carrying cost of our present surplus, and be the humanitarian thing to do, as well as have an important bearing on our foreign policy.

Mr. DIRKSEN obtained the floor.

Mr. DIRKSEN. Mr. President, I yield to the distinguished Senator from South Dakota [Mr. MUNDT].

Mr. MUNDT. Mr. President, we have been in conference part of the morning and a good bit of the noon hour, in connection with the amendment before the Senate, which was debated last night.

I believe that through the processes of conciliation, compromise, and consultation, we have arrived at a program of procedure which will be satisfactory to Members on both sides of this issue, and will permit the Senate to continue with consideration of the foreign aid bill, without further debate on this point.

As the first step in this connection, I introduce and send to the desk a bill, and request that it be read, for the information of the Senate.

The PRESIDING OFFICER. The bill will be received and appropriately referred, and will be read.

The bill (S. 2310) to prohibit any guarantee by the Export-Import Bank or any other agency of the Government of payment of obligations of Communist countries, was read the first time by its title, and the second time at length, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, neither the Export-Import Bank nor any other agency of the Government shall guarantee the payment of any obligation heretofore or hereafter incurred by any Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961) or any agency or national thereof, or in any other way participate in the extension of credit to any such country, agency, or national, in connection with the purchase of any product by such country, agency, or national.*

Mr. MUNDT. Mr. President, if we can have the cooperation of Senators, I propose to work out an agreement and a legislative program whereby this bill will be referred to the Banking and Currency Committee, with instructions from the Senate to report the bill to the Senate on November 25, and with assurance from the majority leader and the minority leader that it will then be called up on the following Monday.

Mr. MANSFIELD. No, Mr. President, either that day or the next day—that Monday, the 25th, or Tuesday, the 26th.

Mr. MUNDT. I stand corrected—either the 25th or the 26th.

In conjunction with this understanding, an agreement has been developed with the Export-Import Bank that it will not make any new credits available to Communist countries in connection with trade in grain or any other product until such time as the Senate has completed its action on whatever recommendations come to it from the Banking and Currency Committee.

Mr. YOUNG of North Dakota. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. YOUNG of North Dakota. Does this include all industrial products?

Mr. MUNDT. My bill includes all products.

Mr. MANSFIELD. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. MANSFIELD. Mr. President, a meeting was held in my office, which was attended by 12 or 14 Senators of both parties, this morning and into this afternoon. There were present representatives of the Export-Import Bank and the Treasury Department, at our request; and we tried to reach, through a process of accommodation, a reasonable solution of the pending proposal. I was not in favor of it, and I am not in favor of it, because it creates a situation which could be used to undermine the pinnings of the Executive. But I will go along with it, and I will support it, and I will do the best I can along the lines unanimously arrived at, by the Senators of both parties who were present this morning and this afternoon at the conference.

I have talked with the chairman of the Banking and Currency Committee, to which I assume this legislative proposal will be referred. He has assured me that he will strictly adhere to the wishes of the Senate. The Senator from Virginia [Mr. ROBERTSON] is a man of his word, regardless of his personal feelings about any piece of proposed legislation.

Of course, it is anticipated—and I hope it will be made the will of the Senate—that the bill will be reported to the Senate by a week from Monday, November 25; and both the majority leader and the minority leader give the Senate their assurance that it will be brought up either that day or the next day, for immediate consideration.

In brief, I believe that covers the results of our participation in the meeting this morning.

Mr. DIRKSEN. Mr. President, there was a meeting early this morning, and at that meeting I suggested that since there had been no hearings on the proposal offered by the distinguished Senator from South Dakota [Mr. MUNDT], I, for one, hoped that perhaps we could learn a little more about the mechanics of the operations of the Export-Import Bank in processing foreign applications of this kind, and exactly how it works when it

operates in handling such applications as commercial transactions on a guaranteed basis. At that meeting it was suggested that perhaps the Chairman of the Export-Import Bank might confer with us. Pursuant to that, I had a session with the majority leader; and a dozen Senators met in his office. The Export-Import Bank and the Treasury had representatives present. We had an opportunity to canvass the authority and the capacity of the Export-Import Bank in this field. More than that, we had an opportunity to explore its operations, its losses, its gains, and exactly how it would process applications of this kind.

After a thoroughgoing discussion, we thought perhaps we should satisfy the legislative process by having at least a few hearings on this proposal—consonant, of course, with the desires of the distinguished Senator from South Dakota.

That was arranged; and now he proposes to offer his amended amendment—which includes not only grain, but also all commodities—

Mr. MUNDT. And that is the form in which the bill has now been referred to the committee.

Mr. DIRKSEN. That is correct—and with instruction that it report at the earliest possible date, and, hopefully, not later than November 25. If that can take place, the order for the yeas and nays can be rescinded, the amendment can be withdrawn, we can obtain some testimony from sources both in the Government and out of the Government, and then we can have the subject matter before us; and, as a result, I think we shall be better equipped to deal with it.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. Has the bill been introduced?

The PRESIDING OFFICER. The bill has been introduced.

Mr. MANSFIELD. Has it been referred?

The PRESIDING OFFICER. No.

Mr. MANSFIELD. To what committee will the bill be referred?

The PRESIDING OFFICER. At the present moment it would appear that the bill will be referred to the Committee on Banking and Currency.

Mr. MANSFIELD. Will the bill be referred to the Committee on Banking and Currency?

The PRESIDING OFFICER. The Chair rules that it will be unless some question is raised on the floor of the Senate.

Mr. MANSFIELD. Mr. President, since the procedure has gone that far, I ask unanimous consent that the Committee on Banking and Currency be directed to report back to the Senate with its finding on the bill not later than a week from Monday, November 25.

Mr. JAVITS. Mr. President, reserving the right to object—and I shall not object—

Mr. MANSFIELD. Let us get the agreement to the request.



Mr. JAVITS. May I ask a question before the agreement is made? The Senator has asked for unanimous consent. I am a member of the Committee on Banking and Currency. I believe I am entitled to have a question answered.

Mr. MANSFIELD. There is no question about that. The Senator said that he would not object, and I merely suggested that the agreement be entered and then the Senator from New York might ask any question he wishes.

Mr. JAVITS. Will the Senator allow me to ask one question?

Mr. MANSFIELD. Certainly.

Mr. JAVITS. Is there anything in the agreement that would bind the Committee on Banking and Currency, not as to the time at which it would report, but as to what it would report?

Mr. MANSFIELD. No.

Mr. JAVITS. That is all.

Mr. DOMINICK. Mr. President, reserving the right to object, as the ranking Republican member of the Subcommittee on International Finance of the Banking and Currency Committee, I should like to ask one question, at least, about the proposed timing. Some of us may be tied up on the 25th or 26th of November on other subjects. Is it imperative that the discussion of the bill be brought out on the floor on those days?

Mr. MANSFIELD. In the opinion of the leadership it is. The Senator will have to take our word for it.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. TOWER. Mr. President, reserving the right to object—

Mr. MANSFIELD. Mr. President, I first yield to the Senator from Pennsylvania.

Mr. CLARK. Mr. President, I believe that we ought to clarify a couple of questions of procedure. I am the chairman of the Subcommittee on International Finance of the Committee on Banking and Currency. That subcommittee ordinarily has jurisdiction over questions affecting the Export-Import Bank. I do not know, because I do not see the chairman of the full committee present in the Chamber, whether it will be his intention or whether it is the intention of the leadership to bypass the normal reference to a subcommittee in order that the full committee, because of the time factor, should consider the Mundt amendment.

Mr. MANSFIELD. Mr. President, will the Senator permit me to interrupt?

Mr. CLARK. Surely.

Mr. MANSFIELD. I am sure the Senator did not mean, and would wish to withdraw, the implication in his statement as to what the intent of the leadership was or is, because we have no intent. We do not interfere with committees. Committees are independent in their own right. They make their own decisions, and, under no circumstances, has the leadership ever attempted or will it ever attempt to lay down a rule, a law, or a dictum to any committee in this body.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. MANSFIELD. I yield.

Mr. CLARK. I certainly withdraw the imputation. I make only the comment that in my opinion it might be wiser if the leadership would interfere a little more than it does. This must be a question of judgment for the leadership. The Senator from Montana and I do not have the same views on that question.

Mr. MANSFIELD. No, but we have committees.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. DIRKSEN. The leadership has no authority over subcommittees. That is an intracommittee question that must be resolved within the committee.

Mr. CLARK. It is a question of the function of the leadership. I happen to disagree with the Senator from Illinois on the question of the function of leadership.

Mr. MANSFIELD. If the Senator from Pennsylvania desires the leadership to function in the manner in which he proposes, he had better give the leadership some authority, because we do not have that authority now—98 Senators in this body have more authority in their own hands than the 2 so-called leaders have. I think the Senator from Pennsylvania knows that.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. CLARK. As the Senator from Montana well knows, I have been trying to get the leadership more authority during the 7 years I have been serving in the Senate. Since the year 1961 I have been conspicuously unsuccessful.

Mr. Leader—this is all in good fun—

Mr. DIRKSEN. I am glad the Senator is not angry.

Mr. MANSFIELD. But truthful.

Mr. CLARK. I should like to ask the leadership the following question. I wish the Senator from Virginia [Mr. ROBERTSON] were present in the Chamber. Perhaps the Senator from Alabama [Mr. SPARKMAN], who is the ranking Democratic member of that committee, will be able to answer the question. As the chairman of the Subcommittee on International Finance, I am of the view that it does not make too much difference whether the matter is considered in a subcommittee or by the full committee.

Before the bill is reported to the Senate, we should have a hearing. We ought to call the Chairman of the Export-Import Bank, and perhaps we ought to call as a witness the Secretary of State.

Mr. MANSFIELD. Such action would be expected.

Mr. CLARK. I am not at all sure that the limitation of time which has been suggested would be altogether wise in view of the fact that the Mundt amendment will not be part of the foreign aid bill anyway, and what is all the hurry?

Mr. MANSFIELD. Mr. President, there is an element of doubt in the latter assertion made by the distinguished Senator from Pennsylvania.

Mr. CLARK. As there is, indeed, with respect to most of my assertions.

Mr. MANSFIELD. No, no; I refer to what the outcome of a vote would be. I believe there is a question of grave doubt there. As far as the subject of witnesses is concerned, it is anticipated that the Secretary of State, the Secretary of the Treasury, the officers of the Export-Import Bank, and others would be called before the committee.

I intended to refer to another portion of the Senator's statement, but I have forgotten what it was.

Mr. CLARK. I have practically forgotten what I was going to say, too. All I can say to the majority leader is that, so far as I am concerned, I am prepared to cooperate wholeheartedly.

Mr. MANSFIELD. I recall what I intended to say. I ask the Senator from Pennsylvania to take my word as to why there is a reason for the bill to be considered and reported not later than the 25th of this month.

Mr. CLARK. I shall take the word of my friend the Senator from Montana. So far as I am concerned, the committee procedure can be any way the chairman and the ranking Democratic and Republican members of the committee wish it to be. I shall reserve my right as chairman of the subcommittee to have a good deal to say about the bill.

Mr. SPARKMAN. Mr. President, will the Senator yield to me?

Mr. MANSFIELD. I promised first to yield to the Senator from Texas.

Mr. TOWER. My question was covered by the colloquy between the Senator from Montana and the Senator from Pennsylvania.

Mr. SPARKMAN. Mr. President, the chairman of our committee, the Senator from Virginia [Mr. ROBERTSON], is not in the Chamber at the present time. However, the Senator from Pennsylvania may not know that the majority leader has talked with the Senator from Virginia. I assume that they discussed the proposed time limitation.

Mr. MANSFIELD. Only the time limitation.

Mr. SPARKMAN. In the discussion this morning at which the question was worked up, I believe everyone present understood that we would have the officials of the Export-Import Bank, the Secretary of the Treasury, and the Secretary of State appear as witnesses.

I believe the Senator from South Dakota [Mr. MUNDT] was suggested.

Mr. MANSFIELD. Yes.

Mr. SPARKMAN. Yes, certainly. I think we can finish consideration of the bill in the committee within the time set. I believe it is rather urgent that we do so. I do not know what the intention of the chairman of the committee might be. I take it that the chairman has the discretion of referring a bill to a subcommittee or not referring it. In this case I should think that, by reason of the limitation of time, the hearings would be held by the full committee.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield to the Senator from Florida.

Mr. HOLLAND. It occurs to me that perhaps one of the most salient points in the whole situation has been overlooked in the colloquy. Is it not correct that the Export-Import Bank has agreed to hold up any further commitments until after the proposed new bill is disposed of, provided it is disposed of in a short period of time?

Mr. MANSFIELD. Within the time limitation—and "a short period" is an accurate statement. It will be a short period of time, because we have no right to hold up anything indefinitely. As I said before, I have very grave doubts about the procedure we are following, because I think we are undermining the foundations of the executive branch of the Government in taking unto ourselves responsibilities which are not ours under the Constitution.

Mr. HOLLAND. Mr. President, is the agreement on the part of the Export-Import Bank to hold up further commitments provided speedy disposition is made of the bill a part of the whole package? Am I correct or not?

Mr. MANSFIELD. The Senator is correct.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

The bill (S. 2310) was referred to the Committee on Banking and Currency.

Mr. MUNDT. Mr. President, what is the status of the proposed agreement?

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. Has the bill been referred?

The PRESIDING OFFICER. The bill has been referred.

Mr. MANSFIELD. The time certain limitation has not yet been agreed to.

The PRESIDING OFFICER. The unanimous-consent request of the Senator from Montana has not yet been agreed to.

Mr. COTTON. Mr. President, reserving the right to object—apparently the bill will be reported on the 25th or the 26th—

Mr. MANSFIELD. The 25th.

Mr. COTTON. On the 25th. Obviously no provision has been made as to how long the Senate will consider it. No provision can be made?

Mr. MANSFIELD. That is correct.

Mr. COTTON. Last night, I recall, one Senator—one of the distinguished leaders—felt so strongly about this matter that he indicated if it were to be passed he would discuss it at great length.

Mr. MANSFIELD. Mr. President, will the Senator from New Hampshire yield?

Mr. COTTON. Please allow me to finish the question I wish to ask. Now, while the foreign aid bill is pending, it is unlikely that we would have a long drawn out discussion—I do not use the word "filibuster"—that would preclude its passage; but if it is brought in all alone, particularly when there are other measures before the Senate that certain Senators do not wish to expedite, there is nothing in the whole wide world to prevent the Senate from discussing it for

days and days and days. I should like to hear some comment on that before I agree to this proposal. Many times I have heard in the Senate the suggestion, "Do not tie it into this bill; we will take care of it separately." In the years I have been in the Senate, I have yet to see anything taken care of separately that was objected to under such circumstances.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. COTTON. I yield.

Mr. MANSFIELD. I recall the allusion to which the distinguished Senator from New Hampshire refers. I point out that we are all mortal, that we all have our faults. Most of us are becoming a little edgy at this time of the year, I would hope most sincerely that Senators would unanimously see to it that the word given by the two leaders would be honored and that the debate would not be dilatory or drawn out. I am sure it would not be. We should be supported in our hope and expectation that once this measure is reported back to the Senate by the Banking and Currency Committee, we would be able to dispose of it in 1 or 2 days.

So far as the author of the amendment and the proposal is concerned, the distinguished Senator from South Dakota [Mr. MUNDT] has indicated that he will make every effort to do so. All we have in this body is our word, and it is either worth something or it is worth nothing. If Senators want leaders, they must have a little confidence in them and help them along.

Mr. COTTON. I was not suggesting any lack of confidence in the leadership.

Mr. MANSFIELD. I understand.

Mr. COTTON. I am suggesting what the distinguished majority leader himself said a moment ago, that there is not a leader—majority or minority—or anyone else who can give his word about what other Senators will do.

Mr. MANSFIELD. That is correct.

Mr. COTTON. I believe we should be aware of the fact that, while we may have an agreement, when the bill reaches the Senate no one knows how long it will take to get affirmative action. I should like to object. I am not going to do so, but I regret that we are not going to dispose of this critical question while we are dealing with the foreign aid bill, so that it could be disposed of in a reasonable time.

Mr. MANSFIELD. I appreciate the remarks just made by the distinguished Senator from New Hampshire [Mr. COTTON], but strangely enough, I still have faith in the membership of this body, on both sides of the aisle. I can be disappointed, and I have been disappointed, but I expect the membership, both Democratic and Republican, to uphold our hands when the time comes, regardless of how they may feel personally.

Mr. COTTON. I share the faith of the distinguished majority leader. If anything could restore my faith in expeditious work by the Senate, it is the fact that we have accomplished so much in such a short time this session.

Mr. DOMINICK. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. DOMINICK. I wonder whether the distinguished leader can tell us whether this program has been coordinated in any way with the House?

Mr. MANSFIELD. No.

Mr. DOMINICK. It occurs to me that if the bill comes back and is passed by the Senate and then sent to the House, and the House sat on it for the rest of the session, we would get nowhere.

Mr. MANSFIELD. No. This program has not been discussed with the House. It is not intended to be discussed with the House. This is looked upon purely as a Senate responsibility. I am quite sure the minority leader and the distinguished Senator from South Dakota [Mr. MUNDT], as well as the Senator from Georgia and other Senators, will support the statement I have just made. What the House does is its own business. What we do in this instance is ours. That was made very plain in the meeting this morning.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. GORE. Because of my attendance in committee I have not heard all that has transpired in the Chamber, but Senate aids have briefed me on the subject.

I was one of a bipartisan group of Senators to whom the question of the sale of wheat to Russia was put. I gave my reaction and approval of the sale of wheat on the basis of cash on the barrelhead—gold preferably, no credits, and no soft currency.

Now that the possibility of a much wider trade has come into question, I wish to reexamine the whole question before reaching a decision. I believe that the wise course to follow is committee hearings and consideration.

I congratulate the majority leader and the minority leader upon reaching this agreement, to which I subscribe.

Mr. MANSFIELD. I am grateful to the Senator from Tennessee.

The PRESIDING OFFICER (Mr. BAYH in the chair). Is there objection to the request of the Senator from Montana [Mr. MANSFIELD]? The Chair hears none, and it is so ordered.

Mr. MUNDT. Mr. President, in view of this agreement, I am willing to offer some unanimous-consent requests which will clear the decks so that we may proceed.

First of all, I ask unanimous consent that the order for the yeas and nays ordered on my amendment and on the modifying amendment may be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUNDT. Mr. President, I now ask unanimous consent that I may be permitted to withdraw the two amendments, because I have introduced a bill covering the subject.

The PRESIDING OFFICER. The Senator from South Dakota now has that right. It is so ordered.

Mr. MANSFIELD. Mr. President, will the Senator yield?



Mr. MUNDT. I yield.

Mr. MANSFIELD. To set the record straight, a bill has been introduced and referred to the Committee on Banking and Currency. By direction of the Senate, it will be reported no later than a week from Monday, November 25, and on the basis of the pledge of the leaders, it will be brought up for consideration that day, or the next day.

Again, may I express the hope that the debate will be assiduous and energetic but not dilatory or delaying.

Mr. MUNDT. Mr. President, I should like to add to the general understanding, so that all Senators may know, that the directors of the Export-Import Bank have agreed not to extend any further credits to Communist countries until the Senate has expressed its voice on the matter.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. HUMPHREY. I should like to reply to the Senator from New Hampshire [Mr. Cotton], since I gather that his remarks, directed to the majority leader, had some indirect reference to my comments last evening. I was looking through the CONGRESSIONAL RECORD. It was a rather tense moment on the floor—most of it due to fatigue. I said the following:

I shall not let the Senate, if I can help it, vote on the issue immediately, because it seems to me that if we needed time to discuss some minor amendments to the aid bill, we need plenty of time to discuss the present situation.

Earlier, I said:

I am rather surprised that Senators who are members of the Committee on Banking and Currency, which committee has jurisdiction over the operations of the Export-Import Bank, are willing to have major policy questions decided on the floor of the Senate at 10 minutes after 10 p.m., after 3½ weeks of exhausting debate, discussion, and time-consuming activities in this body.

I give my assurance to the Senator from New Hampshire and to the majority leader that there is no intention on my part to do anything but make a constructive contribution to the debate, and with no delays.

Mr. MANSFIELD. If only the rest of the Senate would follow the example of the Senator from Minnesota—this year.

Mr. HUMPHREY. I thank the Senator.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. DIRKSEN. The Senate knows and we know—with a sense of affection—that the "immediates" of the Senator from Minnesota are sometimes longer and sometimes shorter.

Mr. HUMPHREY. I want to reserve the degree of flexibility along the lines the minority leader has suggested.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from New Hampshire.

Mr. COTTON. I assure the distinguished Senator from Minnesota, who knows I hold him in the very highest

esteem, that I did not mention his name. I was not impugning his motives, I was not criticizing him; I merely used that as an example. I said if one Senator felt so strongly on this question that he would talk at length, if that was true of the Senator from Minnesota last night, it may be true of several Senators on November 25.

Mr. HUMPHREY. I fully understood the Senator's remarks. I wanted the RECORD clear that I felt last evening that we were proceeding too rapidly on a vital question. I am pleased with the resolution of this vital matter. As I felt last night, I feel even the text of the resolution goes far beyond what is wise policy. I shall await the report of the Banking and Currency Committee. I hope the report will be negative. I intend to vote as I expected to vote last evening.

Now I wish to ask the Senator from South Dakota a question. The understanding is clear as to the Export-Import Bank and its recess, so to speak, as to any commitments relating to transactions that require Export-Import Bank guarantees for the future. Is that correct?

Mr. MUNDT. Yes; and it holds until such time as the Senate may conclude its action.

Mr. HUMPHREY. No matter how the Senate may conclude its action. Is that correct?

Mr. MANSFIELD. But with the assurance that it will not be delayed.

Mr. HUMPHREY. And that it is not retroactive.

Mr. MUNDT. My amendment is not retroactive. Congress cannot pass retroactive legislation.

To make it perfectly clear, so that there will be no question, the Export-Import Bank has already underwritten credits to Hungary for \$4.5 million, under terms of that sale. Neither my amendment nor the gentlemen's agreement we have entered into can move backward. I have no such intention.

Mr. HUMPHREY. If business transactions are entered into which do not require guarantees by the Export-Import Bank, but are privately financed, or are made with a private bank, the understanding we have does not prevail?

Mr. MUNDT. The understanding would not affect the sale of the grain as we anticipated it—that is, sale of the grain for gold or cash. My amendment covers only the implications covered by my amendment, and those only.

Mr. HUMPHREY. Or where a private bank with Government help takes on the guarantee responsibility.

Mr. MUNDT. That is correct, but it is my opinion that the Johnson Act would preclude the right of such private banks to extend credit to a Communist country in default.

Mr. HUMPHREY. I know of no such situation, but I thought we should understand that.

I yield now to the Senator from North Dakota [Mr. Young].

Mr. YOUNG of North Dakota. Mr. President, I was not at the meeting this morning, so I wonder if this matter in-

volves credit for any other export sales than grain. Has the Export-Import Bank been extending credit for other sales?

Mr. HUMPHREY. It applies to all products.

Mr. YOUNG of North Dakota. Has the bank been extending this kind of insurance to them?

Mr. HUMPHREY. Only to Yugoslavia.

I yield to the Senator from Vermont.

Mr. AIKEN. Any conditions that are applicable will, according to the understanding, be applicable to all exports. It is not contemplated that the Export-Import Bank will make loans. The Export-Import Bank insures loans made by the commercial banks to provide exporters loans for the purpose of financing exports to foreign countries. It is an insurance business, and not a loan business, and the two transactions that have taken place have been insurance issued by the Export-Import Bank to banks that have financed Cargill and one other company.

Mr. MANSFIELD. It is a money-making proposition.

Mr. AIKEN. That is correct. The Export-Import Bank, since its inception in 1925, has made profits in the neighborhood of \$2 billion. Losses have been minimal. There were some losses when Castro confiscated powerlines and a telephone company in Cuba, but the losses have been negligible.

Mr. YOUNG of Ohio and Mr. JAVITS addressed the Chair.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. JAVITS. Mr. President, the Senator from Ohio [Mr. Young] sought recognition. I would not want to preempt his right to the floor. I have a question which may result in an amendment. Has the Senator from Ohio an amendment?

Mr. YOUNG of Ohio. I wish to lay before the Senate an amendment on which I have already spoken.

Mr. JAVITS. I yield to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. YOUNG of Ohio. Mr. President, I offer my amendment No. 293, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment offered by the Senator from Ohio to the committee amendment in the nature of a substitute, as amended, will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 41, between lines 8 and 9, to insert the following:

(d) Add the following new section:  
"SEC. 512. PROHIBITION AGAINST MILITARY ASSISTANCE TO SPAIN.—No military assistance shall be furnished under this Act to the Government of Spain. No other provision of this Act shall be construed to authorize the President to waive the provisions of this section. The provisions of this section shall not be construed to prohibit sales to the Government of Spain of defense articles or services under section 507."

Mr. YOUNG of Ohio. Mr. President, having already spoken out regarding this

amendment, I shall take less than 1 minute. It may be that the distinguished chairman of the Foreign Relations Committee [Mr. FULBRIGHT] will not object to the insertion of this amendment in the bill. On the other hand, it can be truthfully stated that the pending bill does not provide military assistance for Generalissimo Franco's Spain. This amendment pins that prohibition down definitely and simply provides that—

No military assistance shall be furnished under this Act to the Government of Spain. No other provision of this Act shall be construed to authorize the President to waive the provisions of this section. The provisions of this section shall not be construed to prohibit sales to the Government of Spain of defense articles or services under section 507.

I hope the chairman will agree to accept the amendment, and that the amendment will be adopted.

Mr. FULBRIGHT. Mr. President, I regret that I cannot accept the amendment. Everyone knows that we have had an agreement with Spain regarding very important base arrangements. Military assistance has been given to Spain primarily for that purpose in recent years. That was the only reason why we concluded an agreement dealing with the bases.

I could not possibly accept the amendment, much to my regret. I wish I could accept it, but I oppose the amendment. If we singled out Spain for this kind of treatment, it would be regarded as an unfriendly act, directly contrary to the reason for the action of our Government in that regard.

Mr. YOUNG of Ohio. I would like to also single out Duvalier's Haiti. I would like to include it in my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio, on page 41, between lines 8 and 9, to the committee amendment, in the nature of a substitute, as amended.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. HUMPHREY. Mr. President, I send an amendment to the desk. I have discussed it with the chairman of the committee.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota to the committee amendment, in the nature of a substitute, as amended, will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 54, after line 4, to insert the following:

(c) Redesignate present section 109 to be 110 and insert the following new section 109: "Sec. 109. The President may, subject to the restrictions contained in this Act, carry out transactions authorized by this Act without regard to the provisions of any other Act whenever he determines that such transactions are important to (1) the national interest of the United States, and (2) the ability of the United States to carry out effectively the policies and purposes of section 2 of this Act or to meet the requirements of the common defense.

Mr. SCOTT. Mr. President, reserving the right to object, I heard the phrase "that the President would be empowered to carry out the provisions of this act without regard to the provisions of any other act." That is pretty broad language. Unless it is explained by some legislative history, I shall be constrained to object to it.

Mr. HUMPHREY. I am about to explain it.

The purpose is to make crystal clear that the section of Public Law 480 dealing with the trade expansion features of the bill, as well as the utilization of food, as necessary, for the common defense, is not restricted. The amendment contains language that will make crystal clear that the restrictions that we have written into it with respect to Public Law 480, section 2, referring to general policy dealing with trade expansion, for example, and to alleviate famine in the world, are not to be excluded; secondly, that in the common defense, when food is needed for national interests, it is not to be excluded.

Mr. SCOTT. There are restrictions already in existence pertaining to shipments of goods and materials to Communist countries.

Mr. HUMPHREY. This relates only to Public Law 480.

Mr. SCOTT. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. SCOTT. I should like to have some order in the Senate so that I may complete my sentence, at least, for the sheer pleasure of making a complete sentence of what I was about to say. There are other restrictions already in existence pertaining to shipments of goods and materials, that is, limitations on shipments and other dealings, with Communist and Communist-dominated countries. I understand from what the Senator has said that the proposed restriction is limited to Public Law 480.

Mr. HUMPHREY. The Senator is correct.

Mr. SCOTT. Therefore there is no intention that the executive department shall be able to avoid any other situation whatever.

Mr. HUMPHREY. The Senator is absolutely correct; so that there will be no doubt at all as to what that section in Public Law 480 means.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. JAVITS. The Senate adopted an amendment, proposed by the Senator from Alaska [Mr. GRUENING] and myself, which was expressly designed to deal with Public Law 480, because it is under Public Law 480 that Nasser is getting anything preponderantly. Is it not a fact that this proposal would cancel out the very purpose of that amendment, because it leaves the discretion to the President?

Mr. HUMPHREY. The Senator is correct.

Mr. JAVITS. He can suspend it if he wishes to do so in the national interest. Is that correct?

Mr. HUMPHREY. If it is in the national interest or in the common defense.

Mr. JAVITS. That is what we argued against. Nearly everything Nasser is getting he is getting under Public Law 480.

Mr. HUMPHREY. This does not relate alone to Nasser. It makes sure that if food supplies are needed in the southern command of NATO, or food supplies are needed anywhere else, the provision of Public Law 480 will be applicable, and not limited by anything we have done in this act or any other act.

Mr. JAVITS. By legislating with a broadsword we take in everything. It will take in Mr. Nasser, as well as the southern defense command to which the Senator refers. Therefore, Mr. President, I oppose the amendment. It will vitiate what the Senate did in the Gruening-Javits amendment. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MORSE. I came into the Chamber rather late. I wish to ask the Senator to explain the purpose of his amendment. From what I have heard, I am sure it calls for a major debate in the Senate. If what I have heard is true, I completely agree with the Senator from New York, that it seeks to vitiate much of what we have done during the course of the debate. I do not propose to have that done.

I hope the Senator will explain his amendment.

Mr. HUMPHREY. I have explained it.

Mr. MORSE. I did not hear the Senator's explanation.

Mr. HUMPHREY. The amendment is designed to do two things; first, to make it crystal clear that the reservations that have been placed in the bill, namely, the pending foreign aid bill, insofar as those reservations are concerned with respect to Public Law 480, shall not be applicable to what we call the common defense or to the national interests of the Nation, when the President in his judgment determines that the national interest is at stake.

Mr. MORSE. I will speak in my own right later.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. HUMPHREY. Mr. President, I wish to confer with the Senator from Oregon and the Senator from Ohio on the amendment. I wish to withdraw the amendment.

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. HUMPHREY. I ask unanimous consent that I may withdraw the amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator withdraws his amendment.

Mr. JAVITS. Mr. President, in the first place I say to the Senator from Minnesota that I am very much pleased that he did what he did. It would have



caused unquestioned confusion in respect to the pending bill if his amendment had been adopted. It would ride across everything we have fought and bled for, and some of us almost died for, on the floor.

I should like to have the attention of the chairman of the committee, the Senator in charge of the bill, and the Senator from Ohio [Mr. LAUSCHE], in order to see if we can do something to help with a very trying section of the bill, and perhaps avoid the need for amending it.

I call attention to page 34, lines 16 to 18, which read:

(3) In paragraph (2) strike out "fraud or misconduct" in the second proviso and substitute "fraud, misconduct, or negligence".

It will be noted that it is proposed in the bill to establish additional bases for enabling the United States to defend against claims under the all-risk guarantees which are provided for by the act. The all-risk guarantees could now be vitiated if the person having the benefit of the guarantee were guilty of fraud or misconduct for which that person or corporation was responsible.

The words of the statute are clear. They state:

*Provided, further—*

This is section 221(b) (2) of the Foreign Aid Act—

*Provided, further,* That no payment may be made under this paragraph 2 for any loss arising out of fraud or misconduct for which the investor is responsible.

The part of the bill to which I refer proposes to include negligence, so that the new bases of defense would be fraud, misconduct, or negligence.

I am advised—and this is borne out by communications to the committee and to me—that the purpose of the all-risk guarantee is likely to be vitiated, because the investors who have been investing will not invest if negligence becomes a defense. I will give the reasons for that. The all-risk guarantee which is covered by the law provides for \$180 million in guarantees, with certain limitations on the individual.

The all-risk guarantee has mainly been used for housing projects in Latin America, certainly a most important and constructive aspect of the act.

A good deal of this investment has been in housing projects in South America. It is somewhat analogous to our housing agencies or housing authorities.

The underwriters of these security issues, the makers of these investments, are mainly banking firms in this country, which have communicated with me as well as the committee. I will tell the whole story to the Senate. If these downtown Wall Street banking firms do not invest, that business will not be done unless the United States puts up its own money.

We must understand that we are dealing with the business equation, with businessmen who can invest or not invest, as they choose, and there is nothing we can do to compel them. That is why

I lay the question directly before the Senate. They say that if we add the defense of negligence, they are concerned that they will not be able to be responsible for such loose standards as to third parties; namely, the housing authorities or building and loan and other organizations with which they might be dealing in Latin America.

As everyone knows, negligence relates to the standard of care of a reasonable man. Numerous juries are required to determine that question in the United States. Hence, the feeling is that if we add to the other definitions; namely, fraud or misconduct, where there has been something willful, something overt, the standard of negligence, we will create a situation in which the terms will become so ambiguous that businessmen will neither invest nor underwrite. Also, there is grave doubt that the paper which they hold as notes or mortgages will be negotiable on the same ground as to be a defense against the holder.

I have discussed this question with the drafter of the amendment, the Senator from Ohio [Mr. LAUSCHE]. I gather that he is willing to make certain definitions with regard to this subject. I shall ask him two questions which we have agreed upon, so that the Senate may be fully advised. Naturally, I am interested in saving the amendment of any of our colleagues who feel in deep good faith that what they propose is desirable. If the committee has adopted the amendment, and if it is possible to save it, I am happy to try to do so. Naturally, it is not at all certain that the Senate would not take a different position upon argument, debate, and amendment. The questions which I shall ask the Senator from Ohio to answer will be helpful, I feel, but I cannot assume that they will be conclusive either upon me or upon the underwriters. The committee of conference will then have to decide as a practical question what it wants to do.

If the Senator from Ohio is willing to answer the questions, I think his responses will be helpful and may prove to dispel the difficulties. I think it is worth trying. I do not wish to question the Senator under false pretenses.

The first question is: Is it a fact, as a matter of legislative history, that the fraud, misconduct, and negligence which are here referred to, in order to be a defense to an all-risk guarantee must be fraud, misconduct, or negligence of the employees, officers, or duly constituted agents of the investor?

Mr. LAUSCHE. That is the understanding I had in submitting the amendment. That is my conviction, and that is the understanding under which the amendment was approved in committee.

Mr. JAVITS. Second, in the administration of this section—and we would hope that the courts, too, would be guided by this standard—is it the legislative intent of the amendment that the burden of proof shall be upon the Government to assert its defense against an all-risk guarantee?

Mr. LAUSCHE. It is my understanding of the general law, stated many times in the jurisprudence of evidence, that the burden of establishing negligence, fraud, or misconduct would be upon the guarantor—the U.S. Government. That is the understanding and intention of the committee.

Mr. JAVITS. That is exactly correct. That is the important point. I may say to the Senator—and I shall ask him no further questions—that what he has last said is so important, because most of those things we would hope that, like a good insurer, the Government would pay honorable and legitimate claims. Therefore, what the Senator has said is, in my view, far more important to government administration than to the courts. We cannot control the courts, but we certainly can have rulings on the way in which a provision like this shall be administered. I am grateful to the Senator from Ohio for saying what he said.

Mr. President, may we have from the chairman of the committee some confirmation of the statements by the Senator from Ohio?

Mr. FULBRIGHT. The understanding of the Senator from Ohio is also my understanding. The negligence referred to is negligence of some person who is in no way under the control of the borrower, as described by the Senator from New York. He is not an employee or agent or third person, over whom the borrower would not exercise control, or for whom he is not responsible. It seems to me that that would be unfair and, in my opinion, was not the intention of the committee.

Mr. JAVITS. As to the latter question, does the chairman agree as to the question of burden of proof throughout, as to the administration of this question and its effect on the question of judicial interpretation?

Mr. FULBRIGHT. That is my opinion.

Mr. LAUSCHE. It is not my intention, as the proponent of the amendment, or of the committee, to require the aggrieved party to prove that he was not guilty of fraud, not guilty of misconduct, and not guilty of negligence. The aggrieved party would have made his case by showing loss, and the burden of proof would then fall upon the U.S. Government to show that the loss occurred through the misconduct, fraud, or negligence of the agent, official, or servant of the aggrieved person.

Mr. JAVITS. I should like to ask the Senator from Ohio one further question, which he may or may not answer, as he chooses. May we have some idea as to why the Senator felt that the amendment as to negligence was important?

Mr. LAUSCHE. Under the present law, the U.S. Government, in guaranteeing the loss incurred in a housing project or a business, was relieved of responsibility if and when it was able to show that the loss resulted from fraud or misconduct on the part of the agents, officials, or servants of the borrowing company.

I added the word "negligence" because I did not believe that the Government should be responsible, when it could prove that the loss resulted from the negligence of the borrower. Unless we include the word "negligence," there is practically ironclad responsibility devolving upon the U.S. Government. I did not think that should be.

Mr. JAVITS. One other question, if the Senator from Ohio will bear with me, because it should prove to be helpful. What the underwriters and investors are deeply concerned about is, Where is the line drawn between negligence and bad judgment in a particular matter? Perhaps A might claim inadequate administration of a particular department, because of the fact that particular people who are put on the job were not so bright as they should be, although they acted in complete good faith and were perfectly legitimate employees of substance and capacity. In other words, who is to determine the line between negligence and bad business judgment or bad discretion, used in making a certain decision? That, I think, is what is worrying those people. If we could spell out some standard, it would be helpful.

Mr. LAUSCHE. The word "misconduct" is a word of art. "Fraud" has a distinct definition. The definition of "negligence" is known by every lawyer. If we can logically and understandably include the words "fraud" and "misconduct," it follows as a matter of logic that no impediment arises when we include the word "negligence." If a trial were to be had, the court would define what "fraud" meant; what "misconduct" meant; and what "negligence" means.

My understanding is that "negligence" means that a person has failed to do what a reasonably prudent person would have done, or has done what a reasonably prudent person would not have done under the circumstances. That is my understanding of the definition of "negligence."

Mr. JAVITS. Does the Senator believe that an underwriter would dare to underwrite or would dare to make a loan with that as the standard in the law, in view of the fact that that is a defense which could be invoked by the United States against anybody? It takes a trial and a jury decision in order to prove it; and the jury decision could go either way.

May I give the Senator an example? Suppose I wish to invest in a housing loan. Suppose I send some operatives to investigate, and they fail to look at some bookkeeping analysis or some particular title analysis, and I say, "That is not negligence. My people looked at some other piece of paper, that told them the same thing, or they took the word of a person operating a particular savings and loan association."

But the U.S. Government replies, "We are sorry, sir, but we do not pay. That is negligence. It has to go to trial, and the jury may decide 'Yes' or 'No'."

Is it not a fact that an underwriter who follows the established standard or

rule in regard to negligence in connection with torts will not be inhibited at all from going into these risk guarantees?

Mr. LAUSCHE. The term "negligence" is applicable to business operations just as it is to tort actions. The director of a corporation can become liable on two bases: one, because of violation of a trust obligation; the other, because of the perpetration of negligence.

Mr. JAVITS. He can because of gross negligence. A corporate officer or director cannot be held for other than gross negligence.

Mr. LAUSCHE. That may be the law of New York, but it is not the law of Ohio. There is a Federal law on the subject.

However, from the standpoint of trials or practicality, what difference is there between proving fraud or misconduct or negligence? In any case it becomes an issue, and must be proved.

Mr. JAVITS. I think fraud is dishonesty. Misconduct is generally considered a violation of some ethical or legal obligation. The word "misconduct" is rather loosely construed, but apparently the underwriting community has accepted this definition. But negligence—as we learn from the decisions of juries every day—can be interpreted in one way or the other; and after the jury has decided, no one can argue about it.

Let me ask this question of the Senator from Ohio: Should it develop, as a practical matter, that the concept the Senator from Ohio has of the law on this question is not quite in accord with the legal situation, would he then give consideration to adding the words "gross negligence" or some other phrase or clause which would help—although it would not necessarily be considered here, because we cannot do research work on it here? I am referring only to the situation based upon checking back on the Senator's views as to the law.

Mr. LAUSCHE. I regret to say this; but if we allow the bankers to determine what will be included in the bill, nothing will be in it, for they want to receive the interest, and they want the Government to assume the obligation. But I do not think the Government should assume the obligation in cases in which the loss resulted from fraud, misconduct, or negligence.

Mr. JAVITS. Yes; but we want the bankers to invest—

Mr. LAUSCHE. But they are saying, "We will not invest unless you do as we say." But that does not mean to me that we are obligated to follow the course they request.

I shall be glad to consider this matter at a later date.

Mr. JAVITS. I thank the Senator from Ohio. I think we have opened up the subject.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment, as amended.

Mr. LAUSCHE. Mr. President, I have an amendment, although I shall not call it up now. But it may become applica-

ble the next time this subject comes before us. In short, many U.S. citizens of Yugoslav ancestry have claims against the Yugoslav Government, but the Yugoslav Government has disregarded them or has paid no attention to them. My amendment contemplates requiring a showing by the Yugoslav Government in the future, if it wishes to receive our help, that it has made a legitimate effort to settle these claims. At this time I shall not call up my amendment; but I shall call it up next year or the following year, if some favorable action is not taken by the Yugoslav Government on these claims.

The PRESIDING OFFICER. If there be no further amendment to be proposed to the committee amendment, as amended, the question is on agreeing to the committee amendment, as amended, in the nature of a substitute.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The question now is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question now is, Shall the bill pass?

Mr. MORSE. Mr. President, on this question, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MILLER. Mr. President, I shall vote for this foreign aid bill. I believe it is a much sounder bill now than it was as it came out of the Foreign Relations Committee.

May I say that I am glad that the bill was not referred back to the committee for further revision. Instead, the Senate has been operating as a de facto Committee of the Whole for the past 3 weeks. This has enabled each of us to become much better informed about this important piece of legislation and also about the entire foreign aid program. And this is a very good thing. One of the unfortunate dispositions into which the Senate has fallen is the tendency to take too much for granted the judgment of its committees. I believe that great weight should be given to the collective judgment of the members of the committees, because by and large the staffs and the members of the committees have devoted considerably more time to the legislation before them than have other Members of the Senate. But there are many Members of the Senate not members of a committee whose background and expertise with respect to some of the problems considered by a committee are superior to the knowledge possessed by some of the members of the committee; and these Members should be given greater consideration when they speak out on these problems and, particularly, when they offer amendments to the bills which have been processed by the committees.

For too long now the Foreign Relations Committee has been operating in a



world of its own. I do not say this in criticism of the committee. I say it in criticism of the Senate itself. Too many Members have been disposed to regard matters of foreign relations and foreign trade as matters beyond the understanding and appreciation of the average Member of the Senate who is not a member of the committee. This disposition has, I fear, lulled us into a false sense of well-being over legislation affecting our foreign affairs, and particularly the foreign aid authorization bills into which policy changes, entirely within the proper purview of the Congress, might heretofore have wisely been written.

The result has been an increasing awareness on the part of the taxpayers, who are paying the bill, that Congress has not been doing as good a job as it should. Thanks to the free press and the alertness of some of our Members, the abuses, waste, and unsound practices which have inexcusably occurred in the conduct of the foreign aid programs have been brought home to the people who sent us here to represent them. Sooner or later, the pressure had to build up to a breaking point, and the breaking point has occurred this year over this bill.

I do not say that we now have a perfect bill. But I do say that we have a much better bill than we had 3 weeks ago. And I trust that when it is taken to conference, the Senate conferees will stand very firm on the amendments which have been made. Actually, my estimate is that the House conferees will be most happy to accept most of the amendments. And I wish to sound a warning that the conferees had better bring back a conference report which contains most of these hard-considered amendments if it wishes to have the conference report agreed to by the Senate. The people we represent recognize that we have been giving voice to their concerns and their desires through the adoption of these amendments, and I do not believe that they will be satisfied at all if the opposition to them by non-elected officials of the State Department prevails. It is these officials who are working for the taxpayers—not vice versa.

The authorization limit has been reduced to some \$3.8 billion—a substantial reduction from the \$4.2 billion brought out by the Foreign Relations Committee and a very substantial reduction over the \$4.9 billion requested by the President in his so-called "frugal budget" presented early this year in the amount of \$98.8 billion. It is still some \$300 million over the House bill, but only \$100 million under the amount appropriated for the last fiscal year. I see no reason why anyone should be concerned over the reduction made by the Senate. In fact, even with this figure I must say I am not entirely satisfied, because I am greatly concerned over the committed and unexpended funds currently in the foreign aid program pipeline. Many taxpayers do not know about this, and I believe they should be made fully aware of it.

According to the Agency for International Development, as of June 30, 1963,

the total unliquidated commitments amounted to more than \$6.3 billion, including nearly \$4 billion earmarked for economic assistance programs, \$2.3 billion for military assistance, and some \$153 million in the special reserve and revolving funds—table A. It should be noted that of the \$4 billion for economic assistance, there is the sum of \$358 million for supporting assistance. Ninety-four countries are listed in this committed but unexpended fund pipeline—table B.

I can readily see why there must be some funds in that pipeline: We should and must take care of our obligations. It is my understanding that if the agreed provisions under which an activity is undertaken are not met, if the conditions which generated U.S. undertaking of an activity change materially, or if the final cost of a project is less than originally provided for, funds may be deobligated and used for some other purpose. I understand that in fiscal year 1963, about \$30 million in economic assistance funds were deobligated and used in the program; this is less than one-half of 1 percent of the total economic assistance pipeline. I have been told that about \$50 million additional funds were also deobligated, but not used, and as a result, will either revert to the Treasury or be reappropriated by the Congress to meet the needs of the fiscal year 1964 program.

AID says that it does not believe that a substantial amount of fiscal year 1964 funds will remain unobligated at the end of the fiscal year 1964—and if the Congress continues to cut the foreign aid program, this could be true. But outside of that, AID has cited three central reasons why there might be some funds left unobligated and I believe these reasons are pertinent to the discussions going on now on the Senate floor:

1. We hope that it would not be necessary to use all of the contingency funds. We will be able to return \$117 million of the \$250 million appropriated for the fiscal year 1963 contingency fund.

If this much is to be returned for the last fiscal year, then the \$175 million we have authorized by amendment for this fund would still be excessive.

2. The foreign aid program utilizes many hundreds of accounts. By law, none of these accounts may be overdrawn. Prudent management requires that we plan to leave small balances in each of these accounts. The sum of these small balances is a significant amount.

3. We will not obligate funds unless recipient countries undertake self-help and reform measures, and successfully meet the conditions of other criteria upon which provision of U.S. assistance is based. We may earmark funds for use in a certain activity, contingent on whether the recipient effectively takes agreed upon steps. If some progress is made, but at the end of the fiscal year the recipient is not able to successfully complete the necessary steps, we will not obligate the funds for that activity, and there will not be sufficient time to prudently undertake another activity. Thus these funds will not be obligated.

That last reason brings us to the meat of the problem: How long are we to leave these funds in the pipeline?

In examining the AID's country-by-country report on the "status of loan agreements," as of June 30, 1963, I find that there were a total of 127 loan agreements into which we had entered into during or before 1960 and of which there still remained unliquidated balances. It seems that those funds should be moving, especially when some go back as far as 1953. On February 6, 1953, we entered into a loan agreement with the Instituto De Acueductos y Alcantarillados Nacionales of Panama for financing a water supply and sewerage system. The amount of loan agreement was \$6 million. To date, not one cent of that loan has been made to that Panama institution.

What is the reason for this and for the others? If conditions have not been met, then those funds should be released for other activities. Or are these so-called "small" loans to be piled up indefinitely?

Mr. President, I ask unanimous consent that tables A and B, and a table C setting forth examples of old loan agreements and amounts disbursed thereunder be placed in the Record.

There being no objection, the tables were ordered to be printed in the Record, as follows:

TABLE A.—Foreign assistance program (mutual security), preliminary June 30, 1963, unliquidated commitments

| [In thousands of dollars]                         |           |
|---|-----------|
| ECONOMIC ASSISTANCE                               |           |
| Budgeted programs:                                |           |
| Development loans.....                            | 2,170,047 |
| Development grants:                               |           |
| General authorization.....                        | 353,987   |
| Special foreign currency programs.....            | 2,780     |
| Surveys of investment opportunities.....          | 303       |
| Alliance for Progress:                            |           |
| Loans.....  | 280,371   |
| Grants.....                                       | 56,192    |
| Inter-American program for social progress.....   | 47,227    |
| Social Progress Trust Fund.....                   | 335,000   |
| International organizations.....                  | 133,985   |
| Supporting assistance.....                        | 358,139   |
| Contingency fund.....                             | 219,093   |
| Administrative expenses, AID.....                 | 7,736     |
| Administrative expenses, State.....               | 779       |
| Chilean reconstruction.....                       | 17,765    |
| Total budgeted programs.....                      | 3,983,404 |
| MILITARY ASSISTANCE <sup>1</sup>                  |           |
| Grant aid.....                                    | 2,263,500 |
| Sales program.....                                | 69,600    |
| Total military assistance.....                    | 2,333,100 |
| Grand total economic and military assistance..... | 6,316,504 |
| Special reserve and revolving funds:              |           |
| Acquisition of property.....                      | 559       |
| Investment guarantees.....                        | 152,231   |
| Total special reserve and revolving funds.....    | 152,790   |

<sup>1</sup> Preliminary June 30, 1963, data not available; figures shown represent estimates shown in budget document.

TABLE B.—Foreign assistance (mutual security) program by countries<sup>1</sup> (including military and economic assistance)

| ESTIMATED UNLIQUIDATED BALANCES AS OF<br>JUNE 30, 1963<br>[In millions of dollars] |                          |
|--|--------------------------|
| Developing countries:  | Unliquidated<br>balances |
| Afghanistan.....   | 56.8                     |
| Algeria.....   | 1.6                      |
| Argentina.....   | 107.6                    |
| Bolivia.....   | 52.0                     |
| Brazil.....  | 93.1                     |
| Burma.....   | 24.4                     |
| Burundi.....   | ( <sup>2</sup> )         |
| Cambodia.....  | 44.8                     |
| Cameroon.....  | 12.8                     |
| Central African Republic.....  | .8                       |
| Ceylon.....  | 3.7                      |
| Chad.....  | 1.3                      |
| Chile.....   | 70.8                     |
| China, Republic of.....  | 284.6                    |
| Colombia.....  | 91.0                     |
| Congo (Brazzaville).....   | .9                       |
| Congo (Léopoldville).....  | 32.8                     |
| Costa Rica.....  | 18.9                     |
| Cyprus.....  | 3.2                      |
| Dahomey.....   | 1.3                      |
| Dominican Republic.....  | 30.2                     |
| Ecuador.....   | 33.1                     |
| El Salvador.....   | 23.0                     |
| Ethiopia.....  | 32.8                     |
| Gabon.....   | .8                       |
| Ghana.....   | 82.1                     |
| Greece.....  | 300.0                    |
| Guatemala.....   | 16.5                     |
| Guinea.....  | 15.5                     |
| Haiti.....   | 4.8                      |
| Honduras.....  | 9.3                      |
| Iceland.....   | .1                       |
| India.....   | 815.6                    |
| Indonesia.....   | 50.1                     |
| Iran.....  | 117.4                    |
| Iraq.....  | 1.3                      |
| Israel.....  | 69.9                     |
| Ivory Coast.....   | 3.3                      |
| Jamaica.....   | 4.9                      |
| Jordan.....  | 15.9                     |
| Korea.....   | 426.4                    |
| Laos.....  | 24.8                     |
| Lebanon.....   | 3.5                      |
| Liberia.....   | 47.5                     |
| Libya.....   | 4.5                      |
| Malagasy Republic.....   | .5                       |
| Malaya (fiscal year 1959).....   | 4.7                      |
| Mali.....  | 6.2                      |
| Mauritania.....  | .1                       |
| Mexico.....  | 19.2                     |

TABLE B.—Foreign assistance, etc.—Con.  
[In millions of dollars]

| Developing countries—Con.                          | Unliquidated<br>balances |
|--|--------------------------|
| Morocco.....                                       | 53.5                     |
| Nepal.....   | 5.6                      |
| Nicaragua.....                                     | 11.9                     |
| Niger.....   | 1.9                      |
| Nigeria.....                                       | 43.0                     |
| Pakistan.....                                      | 340.3                    |
| Panama.....  | 20.9                     |
| Paraguay.....                                      | 7.9                      |
| Peru.....  | 60.2                     |
| Philippines.....                                   | 44.1                     |
| Poland.....  | 3.1                      |
| Saudi Arabia.....                                  | .1                       |
| Senegal.....                                       | 2.8                      |
| Sierra Leone.....                                  | 3.4                      |
| Somali Republic.....                               | 12.8                     |
| Sudan.....   | 15.2                     |
| Syrian Arab Republic.....                          | 18.2                     |
| Tanganyika.....                                    | 9.4                      |
| Thailand.....                                      | 131.6                    |
| Togo.....  | 1.4                      |
| Trinidad and Tobago.....                           | 13.5                     |
| Tunisia.....                                       | 76.4                     |
| Turkey.....  | 436.7                    |
| Uganda.....  | 5.3                      |
| United Arab Republic.....                          | 83.1                     |
| Upper Volta.....                                   | .6                       |
| Uruguay.....                                       | 6.5                      |
| Venezuela.....                                     | 63.3                     |
| Vietnam.....                                       | 160.6                    |
| Yemen.....   | 4.5                      |
| Yugoslavia.....                                    | 18.3                     |
| Territories.....                                   | 11.7                     |
| Others—undistributed classified<br>(military)..... | 267.5                    |
| Total developing countries.....                    | 5,001.8                  |

Europe, Japan, and other developed countries (all military assistance with the exception of \$16,700,000 in Spain):

|                       |       |
|-----------------------|-------|
| Australia.....        | 2.0   |
| Belgium.....          | 24.0  |
| Denmark.....          | 85.2  |
| France.....           | 41.1  |
| Germany (Berlin)..... | .1    |
| Italy.....            | 132.9 |
| Japan.....            | 77.9  |
| Netherlands.....      | 67.3  |
| New Zealand.....      | .8    |
| Norway.....           | 101.0 |
| Portugal.....         | 32.6  |

TABLE B.—Foreign assistance, etc.—Con.  
[In millions of dollars]

| Europe, Japan, and other developed countries (all military assistance with the exception of \$16,700,000 in Spain)—Con. | Unliquidated<br>balances |
|---|--------------------------|
| Spain.....  | 67.3                     |
| United Kingdom.....   | 3.5                      |
| Total Europe, Japan and other developed countries.....  | 635.7                    |
| Regional and nonregional—Economic assistance:   |                          |
| Development grants.....   | 46.1                     |
| Social progress trust fund.....   | 335.0                    |
| International organizations.....  | 109.0                    |
| Administrative expenses—AID.....  | 7.7                      |
| Other.....  | 18.4                     |
| Total regional and nonregional—Economic assistance.....   | 516.2                    |
| Regional, nonregional and adjustments—Military assistance:  |                          |
| Regional and nonregional.....   | 248.4                    |
| Adjustment of undelivered programs.....   | -85.6                    |
| Total regional, nonregional and adjustments—Military assistance.....  | 162.8                    |
| Total unliquidated balances.....  | 6,316.5                  |

<sup>1</sup> The country amounts are composed of the following:

(1) Economic assistance: Undisbursed authorized loans and unliquidated obligations. (Preliminary, Aug. 16, 1963.)

(2) Military assistance: Estimated value of goods programed but not delivered, since unpaid obligations/reservations are not available by countries. (Congressional presentation.)

<sup>2</sup> Less than \$50,000.

<sup>3</sup> This adjustment reduces the total programed and undelivered amounts for military assistance included in the country balances, as expected in footnote 1(2) above, to the total estimated unpaid obligations/reservations for military assistance as reflected in the congressional presentation.

NOTE.—No new countries are proposed for aid in fiscal year 1964.

| Country and purpose   | Date of loan agreement | Loan amount    | Loan disbursement | Country and purpose  | Date of loan agreement | Loan amount    | Loan disbursement |
|---|------------------------|----------------|-------------------|--|------------------------|----------------|-------------------|
| Government of Finland: Ship construction.....                           | May 22, 1959           | \$5,000,000.00 | \$4,662,890.31    | Credito Somalo (Somalia): Development bank.....                                  | Mar. 31, 1959          | \$2,000,000.00 | \$653,080.53      |
| Government of Iceland: Commodity assistance.....                        | May 23, 1959           | 3,000,000.00   | 2,983,131.33      | Sudan-American Textile Industries: Textile mill.....                             | May 22, 1959           | 10,000,000.00  | 9,978,133.70      |
| Development bank.....   | Apr. 10, 1959          | 1,760,000.00   | 1,423,302.30      | Societe Nationale Tunisienne de Cellulose (Tunisia): Pulp factory.....           | May 13, 1959           | 6,250,000.00   | 5,955,996.33      |
| Government of Poland: Commodity assistance.....                         | June 10, 1959          | 6,000,000.00   | 5,897,440.15      | Societe Nationale des Chemins de fer Tunisiens (Tunisia): National railways..... | May 27, 1959           | 2,750,000.00   | 2,410,169.20      |
| Government of Spain: Railway rehabilitation.....                        | June 5, 1959           | 14,900,000.00  | 9,890,021.55      | Government of Tunisia: Irrigation project.....                                   | Oct. 11, 1960          | 18,000,000.00  | 1,965,779.54      |
| Government of Yugoslavia: Project assistance.....                       | Nov. 12, 1957          | 73,700,000.00  | 72,210,799.03     | Government of Ceylon: Highway rehabilitation.....                                | Sept. 3, 1958          | 726,000.00     | 689,700.00        |
| Do.....   | May 22, 1958           | 46,900,000.00  | 46,153,566.83     | Project assistance.....  | Mar. 25, 1959          | 3,320,000.00   | 1,243,382.32      |
| Fertilizer plant.....   | Jan. 8, 1959           | 22,500,000.00  | 21,066,391.18     | Do.....  | Sept. 23, 1959         | 6,000,000.00   | 2,932,138.81      |
| Project assistance.....   | Mar. 10, 1959          | 69,200,000.00  | 57,923,809.52     | Government of Greece: Fertilizer plant.....                                      | Jan. 28, 1959          | 12,000,000.00  | 11,790,884.94     |
| Commodity assistance.....   | Apr. 14, 1959          | 7,700,000.00   | 7,359,493.55      | Public Power Corp. (Greece): Hydroelectric plant.....                            | Jan. 29, 1960          | 31,000,000.00  | 5,047,597.69      |
| Electric power.....   | Nov. 25, 1959          | 9,000,000.00   | 8,282,650.11      | Government of Iran: Commodity assistance.....                                    | Oct. 10, 1958          | 2,500,000.00   | 2,444,008.35      |
| Hydroelectric power.....  | Dec. 17, 1959          | 15,000,000.00  | 7,115,126.34      | Industrial & Mining Development Bank of Iran: Development Bank.....              | Nov. 19, 1959          | 5,200,000.00   | 1,573,145.37      |
| Zagreb plastics.....  | Sept. 16, 1960         | 23,000,000.00  | 21,207,127.29     | Government of Israel: Project assistance.....                                    | Aug. 25, 1958          | 3,600,000.00   | 2,114,425.32      |
| Liberian-American Agricultural & Industrial Corp.: Sawmill project..... | Dec. 16, 1958          | 190,000.00     | 164,039.61        | Do.....  | Dec. 17, 1958          | 18,872,000.00  | 16,697,816.67     |
| Government of Libya: Electric powerplant.....                           | June 28, 1957          | 3,500,000.00   | 3,137,944.51      | Industrial Development Bank of Israel: Development bank.....                     | May 12, 1959           | 10,000,000.00  | 8,328,002.09      |
| Do.....   | June 25, 1959          | 5,000,000.00   | 4,700,405.59      |  |                        |                |                   |
| Government of Morocco: Irrigation project.....                          | Mar. 16, 1960          | 23,000,000.00  | 5,158,208.94      |  |                        |                |                   |
| Commodity assistance.....   | June 28, 1957          | 20,000,000.00  | 19,913,609.19     |  |                        |                |                   |
| Commodity and project assistance.....                                   | July 10, 1958          | 29,900,000.00  | 29,436,394.98     |  |                        |                |                   |
| Commodity assistance.....   | June 30, 1959          | 15,000,000.00  | 13,821,911.20     |  |                        |                |                   |
| Do.....   | Mar. 21, 1960          | 20,000,000.00  | 18,486,912.11     |  |                        |                |                   |



| Country and purpose   | Date of loan agreement | Loan amount      | Loan disbursement | Country and purpose  | Date of loan agreement | Loan amount     | Loan disbursement |
|---|------------------------|------------------|-------------------|--|------------------------|-----------------|-------------------|
| Government of India:  |                        |                  |                   | (China) China Development Corp.: Development bank  | Mar. 24, 1960          | \$10,000,000.00 | \$3,140,835.80    |
| Project assistance  | June 28, 1957          | \$234,100,000.00 | \$215,022,977.06  | (China) Taiwan Telecommunications Administration: Telecommunications                                   | do                     | 2,000,000.00    | 1,962,451.99      |
| Do  | June 30, 1958          | 20,000,000.00    | 12,486,548.41     | (China) Taiwan Power Co.: Nanpu thermal power  | Sept. 30, 1960         | 14,910,000.00   | 13,542,827.85     |
| Do  | Nov. 3, 1958           | 35,100,000.00    | 32,018,100.48     | Government of Indonesia: Commodity assistance  | June 15, 1959          | 450,000.00      | 446,167.74        |
| Do  | Apr. 27, 1959          | 129,700,000.00   | 54,348,335.83     | Railway rehabilitation   | June 26, 1959          | 3,000,000.00    | 2,581,209.35      |
| Sharavathi hydroelectric plant  | June 30, 1960          | 8,400,000.00     | 3,521,624.91      | Harbor development   | do                     | 6,000,000.00    | 985,195.81        |
| (India) Ahmedabad Electricity Co.: Thermal power  | do                     | 3,900,000.00     | 3,754,874.07      | Government of Korea: Telecommunications  | Apr. 8, 1959           | 3,500,000.00    | 3,469,163.84      |
| Government of India:  |                        |                  |                   | (Korea) Oriental Chemical Industry: Soda ash plant   | Dec. 11, 1959          | 5,600,000.00    | 298,150.00        |
| Barauni thermal power   | do                     | 3,800,000.00     | 2,805,024.12      | (Korea) Korean Reconstruction Bank: Development bank   | Apr. 12, 1960          | 5,000,000.00    | 507,130.15        |
| Chandrapura thermal power   | do                     | 30,000,000.00    | 14,237,982.41     | Federation of Malaya: Warfage accommodations   | Mar. 18, 1959          | 10,000,000.00   | 8,500,171.44      |
| Durgapur power  | do                     | 20,000,000.00    | 11,372,389.25     | Roads and bridges  | do                     | 10,000,000.00   | 6,773,511.80      |
| Kanpur thermal power  | Dec. 5, 1960           | 1,600,000.00     | 1,122,635.01      | (Philippines) Central Bank of Philippines: Small industry loan fund                                    | May 6, 1959            | 5,000,000.00    | 1,287,113.52      |
| Barapani hydroelectric  | do                     | 2,500,000.00     | 453,725.36        | (Philippines) Mindanao Portland Cement Co.: Cement plant   | Oct. 26, 1959          | 3,700,000.00    | 3,579,582.32      |
| 3d railway loan   | do                     | 50,000,000.00    | 41,954,909.81     | (Philippines) Bataan Pulp & Paper Mill: Pulp and paper mill  | July 10, 1959          | 100,000.00      | 59,589.75         |
| Capital equipment   | do                     | 25,000,000.00    | 21,388,979.77     | Government of Philippines: Roads and bridges rehabilitation  | June 29, 1959          | 18,750,000.00   | 6,350,652.05      |
| Steel imports   | do                     | 25,000,000.00    | 19,911,071.13     | Government of Thailand: Project assistance   | June 28, 1957          | 10,000,000.00   | 9,672,867.14      |
| (India) Industrial Finance Corp.: Development bank  | Dec. 7, 1960           | 10,000,000.00    | 4,648,936.79      | Telecommunications projects  | June 27, 1958          | 7,000,000.00    | 3,999,947.20      |
| (India) Hindustan Chemicals & Fertilizers: Trombay fertilizer plant   | Dec. 29, 1960          | 30,000,000.00    | 21,182,272.71     | (Thailand) Metropolitan Electricity Authority: Electric power expansion                                | Mar. 6, 1959           | 20,000,000.00   | 12,974,942.32     |
| (Jordan) Transjordan Electric Power: Electric power project   | June 5, 1959           | 1,200,000.00     | 804,868.00        | Government of Vietnam: Telecommunications project  | June 28, 1958          | 3,300,000.00    | 1,138,982.40      |
| Jordan Phosphate Mines: Phosphate mine expansion  | Oct. 26, 1959          | 1,500,000.00     | 1,269,026.36      | (Vietnam) Vietnam Railway System: Railways   | Aug. 10, 1960          | 9,700,000.00    | 1,694,047.52      |
| (Lebanon) Banque de Credit Agricole, Industrial et Fancier: Development bank                                      | May 4, 1960            | 5,000,000.00     | 3,193,645.56      | (Vietnam) Saigon-Cholon Water Distribution System: Water distribution system                           | Nov. 2, 1960           | 17,500,000.00   | 1,264,304.25      |
| (Lebanon) Societe pour L'Industrie des Metaux, S.A.: Aluminum plant   | Nov. 8, 1960           | 400,000.00       | 369,590.05        | Government of Bolivia: Runway construction   | Oct. 22, 1959          | 1,500,000.00    | 1,058,028.47      |
| Government of Nepal: Commodity assistance   | July 29, 1960          | 1,000,000.00     | 166,151.00        | Government of Brazil: Project assistance   | Dec. 31, 1956          | 117,895,000.00  | 84,472,292.50     |
| Government of Pakistan:   |                        |                  |                   | Government of Chile: Project assistance  | Apr. 29, 1957          | 850,000.00      | 695,724.58        |
| Project assistance  | Mar. 6, 1958           | 23,600,000.00    | 22,393,442.47     | Do   | Dec. 27, 1957          | 27,680,000.00   | 25,460,812.53     |
| Water sewage disposal   | June 30, 1958          | 5,500,000.00     | 3,096,423.29      | Airport design   | May 20, 1959           | 300,000.00      | 103,237.00        |
| Railway rehabilitation  | Feb. 18, 1959          | 9,100,000.00     | 8,723,313.20      | Airport construction (Pudahuel)  | July 19, 1960          | 10,500,000.00   |                   |
| (Pakistan) West Pakistan Water & Power Development Authority: Land reclamation                                    | do                     | 15,200,000.00    | 14,091,603.27     | Government of Colombia: Project assistance   | Feb. 4, 1958           | 12,240,000.00   | 11,141,819.88     |
| Government of Pakistan: Karnafull multipurpose dam  | do                     | 20,250,000.00    | 17,817,096.85     | Do   | May 29, 1959           | 3,140,000.00    | 2,878,864.46      |
| (Pakistan) West Pakistan Water & Power Development Authority: Power transmission lines                            | do                     | 14,700,000.00    | 10,301,143.76     | Government of Costa Rica: Project assistance   | Apr. 29, 1957          | 2,000,000.00    | 1,496,320.63      |
| Government of Pakistan:   |                        |                  |                   | Government of Ecuador: Project assistance  | Apr. 30, 1957          | 2,000,000.00    | 883,582.89        |
| Secondary transmission grid   | June 29, 1959          | 23,000,000.00    | 14,684,520.60     | Do   | Nov. 12, 1958          | 880,000.00      | 654,129.16        |
| Port facilities   | July 10, 1959          | 2,000,000.00     | 23,188.56         | Highway construction   | Mar. 23, 1959          | 4,700,000.00    | 3,058,162.98      |
| Inland waterways  | Sept. 12, 1959         | 1,750,000.00     | 1,430,561.12      | (Guatemala) Banco de Guatemala: Rubber production  | Nov. 6, 1959           | 4,004,012.71    | 3,908,616.51      |
| (Pakistan) PICIC (2d): Development bank   | Jan. 15, 1960          | 10,000,000.00    | 9,131,011.49      | Government of Haiti: Irrigation  | Aug. 17, 1959          | 5,000,000.00    | 750,000.00        |
| Government of Pakistan:   |                        |                  |                   | Government of Honduras: Highway development  | May 28, 1959           | 4,300,000.00    | 4,251,477.31      |
| Railway rehabilitation  | Jan. 16, 1960          | 22,000,000.00    | 21,905,688.58     | (Honduras) Empresa Nacional de Energia Electrica: Canaveral hydroelectric                              | May 16, 1958           | 5,000,000.00    | 4,560,902.51      |
| Indus water system  | Sept. 19, 1960         | 70,000,000.00    | 55,090,129.00     | (Nicaragua) Empresa Nacional de Luzt Fuerza: Rio tuma hydroelectric                                    | Sept. 9, 1960          | 2,800,000.00    | 1,786,914.42      |
| (Syria) Industrial Development Bank: Development bank   | Aug. 15, 1960          | 500,000.00       | 198,500.00        | Republic of Panama: Feeder roads   | June 30, 1960          | 2,500,000.00    | 1,077,961.82      |
| (Syria) Posts, Telegraphs & Telephones Administration: Telecommunications   | Oct. 3, 1960           | 2,500,000.00     | 119,916.87        | (Panama) Instituto De Acondicionamiento y Alcantarillados Nacionales: Water supply and sewerage system | Nov. 10, 1960          | 5,300,000.00    | 2,874,560.75      |
| (Turkey) Industrial Development Bank: Development bank  | Sept. 12, 1958         | 10,000,000.00    | 8,065,243.67      | Government of Peru: Highway construction   | Feb. 6, 1953           | 6,000,000.00    |                   |
| (Turkey) Turkiye Korumu Islemeleri Kurumu: Coal mining facilities   | Apr. 30, 1959          | 14,500,000.00    | 6,035,856.10      | (Uruguay) Administracion General De Las Unimas Electricas y Los Telefonos De Estado: Telephone system  | Dec. 19, 1960          | 4,500,000.00    | 829,885.46        |
| (Turkey) ETIBANK: Electric power distribution   | Jan. 21, 1960          | 7,000,000.00     | 2,591,718.40      |  |                        |                 |                   |
| Government of Turkey: Railway construction  | Dec. 13, 1960          | 6,000,000.00     | 792,482.24        |  |                        |                 |                   |
| (United Arab Republic-Egypt) Industrial Development Bank: Development bank  | Aug. 31, 1960          | 6,000,000.00     | 14,123.00         |  |                        |                 |                   |
| (United Arab Republic-Egypt) Ad fina Por L'Exportation de la Fabrication des Produits: Canning and freezing plant | Oct. 7, 1960           | 200,000.00       | 139,089.98        |  |                        |                 |                   |
| (United Arab Republic-Egypt) Al Nasr Co: Bagasse pulp mill  | Nov. 23, 1960          | 6,700,000.00     | 6,277,836.83      |  |                        |                 |                   |
| Government of Burma:  |                        |                  |                   |  |                        |                 |                   |
| Project assistance  | Mar. 21, 1957          | 17,300,000.00    | 7,985,247.65      |  |                        |                 |                   |
| Do  | do                     | 25,000,000.00    | 11,680,633.86     |  |                        |                 |                   |
| Do  | May 29, 1958           | 10,000,000.00    | 4,933,546.74      |  |                        |                 |                   |
| Do  | Aug. 12, 1960          | 800,000.00       |                   |  |                        |                 |                   |
| Republic of China:  |                        |                  |                   |  |                        |                 |                   |
| Multipurpose dam  | Nov. 10, 1958          | 21,500,000.00    | 20,439,319.71     |  |                        |                 |                   |
| 1st railway loan  | Nov. 12, 1958          | 3,032,371.52     | 3,026,024.34      |  |                        |                 |                   |

Source: "Agency for International Development—Status of Loan Agreements," as of June 30, 1963, Office of the Controller, AID.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I share the concern which many Members

of this body have expressed over the last few days as to the provisions of H.R. 7885. There is much in this bill with which I find myself in direct opposition both as to the basic idea underlying the program and the performance with which the program has been implemented. It has long been my view that our foreign aid program is both improperly conceived and inefficiently implemented.

Even the most rabid supporters of the foreign aid program have been reluctantly forced to the view that a major

overhaul is in order. One of the strongest supporters of the foreign aid program stated on the Senate floor recently:

The question calls for a national commission on the highest possible level to reexamine the foreign aid program of the United States and recommend how it may be reoriented and remain effective. I would very much favor such action, but that is a far cry from dismantling the program at this stage.

I am of the opinion that the report issued in March of this year by the President's specially appointed committee,

commonly referred to as the Clay Committee, offers to Congress a unique opportunity at this time to be instrumental in reassessing the foreign aid program. The Clay Committee was appointed on the highest official level, and its conclusions and recommendations should be carefully considered by the Members of Congress. And yet, few, if any, of its recommendations have been included in the bill which is now pending before this body.

Mr. President, I request the attention of my colleagues to one specific portion of H.R. 7885, concerning which too little has been said. The provision to which I make reference is section 402 of the foreign aid bill. This provision would authorize the President to give the benefit of U.S. trade agreement reductions in tariff duties to products imported from Communist countries when: First, he determines such treatment would be "important to the national interest"; second, he determines such treatment would promote "independence" of the Communist countries "from domination or control by international communism"; and, third, he reports these determinations and his reasons to the Congress.

To understand the reason for the inclusion of this provision in the foreign aid bill, it is necessary to briefly discuss the background of the tariff legislation with which it is concerned.

The basic tariff act setting forth the duties applicable to goods imported into the United States is the Tariff Act of 1930. Under the Trade Agreements Act of 1934, and the 11 extensions of that act, the President was authorized to reduce the rates of duty set forth in the Tariff Act of 1930. Most rates of duty have been reduced one or more times and the majority of them have been reduced several times. The total impact of these duty reductions has been to lower the ad valorem equivalent of U.S. duties from approximately 50 percent in 1930 to about 12 percent in 1962.

Under a provision of the trade agreements law, known as the most-favored-nation rule, tariff reductions granted by the United States to one country are uniformly applicable to goods imported from other countries. The most-favored-nation clause is customarily found in treaties of friendship, commerce, and navigation and in reciprocal trade agreements. Under a most-favored-nation clause, each of the contracting countries promises to give to the other contracting countries tariff treatment as good as it accords to any third country, subject to specified exceptions in most instances.

The Congress enacted the most favored-nation rule into the Trade Agreements Act of 1934 by providing that the duties proclaimed by the President under the act should apply uniformly to articles brought into the United States from the country with which the particular agreement is made and from other countries generally. One qualification of the policy of equal tariff treatment based on the principle of the most-favored-nation clause stems from a pro-

vision of the Trade Agreements Act of 1934 authorizing the President to suspend the application of trade agreement rates of duty to products of countries which discriminate against the commerce of the United States or which pursue policies tending to defeat the purposes of the Trade Agreements Act. Under this particular provision, reduced trade agreement rates on duties were withheld in pre-World War II years from imports of German products.

Despite these particular exceptions, the State Department in years past has persuaded the President that it would serve a useful purpose for U.S. trade agreement concessions to be made available to Yugoslavia and Poland. In recent years, articles imported from those countries have received the benefit of all U.S. tariff rate reductions.

Congress, in enacting the Trade Expansion Act of 1962, which substantially replaced the prior Trade Agreements Act, directed that the benefit of U.S. tariff reductions not be made available to any Communist country. Unfortunately, section 231 of the Trade Expansion Act of 1962, in directing the President to withdraw the benefit of trade agreement tariff reductions from Yugoslavia and Poland, used the words "as soon as practicable." These words have been seized upon and used to effectively thwart the stated intention of Congress in adopting section 231 of the Trade Expansion Act of 1962. Notwithstanding the fact that the 1962 act became effective on October 11, 1962, the State Department has taken absolutely no action to withdraw the benefit of all our trade agreement concessions from Yugoslavia and Poland.

In March of this year, some 5 months after the effective date of the Trade Expansion Act of 1962, I wrote letters to the Chairman of the Tariff Commission, the Secretary of Commerce, and the Secretary of State to find out what steps, if any, had been taken pursuant to section 231 of the Trade Expansion Act of 1962. Mr. Ben Dorfman, Chairman of the U.S. Tariff Commission replied as follows:

DEAR SENATOR THURMOND: This is in response to your letter of March 9, 1963, in which you ask what steps, if any, the President has taken pursuant to section 231 of the Trade Expansion Act of 1962 with regard to imports from any country or area under Communist domination or control.

Section 257(e)(2) of the Trade Expansion Act provides that action taken by the President under section 5 of the Trade Agreements Extension Act of 1951, and in effect on the date of enactment of the Trade Expansion Act, shall be considered as having been taken by the President under section 231. Therefore, products of all countries or areas designated by the President pursuant to section 5 as being under Communist domination or control, continue to be excluded from the benefits of most-favored-nation rates of duty by operation of section 257.

Products of Poland and Yugoslavia continue to receive most-favored-nation tariff treatment. Although no formal steps have been taken by our Government to discontinue this treatment, it is understood that the matter is under advisement by the administration. Section 231 provides that such action shall be taken "as soon as practicable." The Commission is not advised as to the fac-

tors which make it "impracticable" to take such action at this time.

Sincerely yours,

BEN DORFMAN,  
Chairman.

The Secretary of Commerce, the Honorable Luther H. Hodges, replied as follows:

DEAR SENATOR THURMOND: I refer to your letter of March 9, 1963, concerning section 231 of the Trade Expansion Act of 1962, which deals with most-favored-nation treatment of imports from Communist-dominated countries or areas.

This is a matter which directly involves our treaty relationships with other nations, and which therefore is of direct and immediate concern to the Department of State. That Department presently has under advisement the steps to be taken to carry out section 231, and I am forwarding a copy of your letter to Secretary Rusk, with the request that he furnish you full information concerning the matter.

With best wishes,

Sincerely yours,

LUTHER H. HODGES,  
Secretary of Commerce.

And finally and most importantly, Mr. Frederick G. Dutton, Assistant Secretary of State, replied on behalf of the Secretary of State as follows:

DEAR SENATOR THURMOND: Thank you for your letter of March 9 to the Secretary asking what steps have been taken to implement section 231 of the Trade Expansion Act of 1962. This provision requires that the President take action "as soon as practicable" to deny the benefits of most-favored-nation tariff treatment to any country or area dominated by communism.

The only Communist countries which presently have most-favored-nation status are Yugoslavia and Poland. Yugoslavia has such status by virtue of the 1881 Treaty of Commerce with the Kingdom of Serbia, a predecessor state of the present country of Yugoslavia. Poland was denied this status in 1952, along with other Soviet-bloc countries, pursuant to the terms of section 5 of the Trade Agreements Extension Act of 1951. Poland was restored to most-favored-nation status effective December 16, 1960, following conclusion in July of that year of an agreement under which Poland is paying \$40 million in compensation for the claims of American nationals against Poland.

The legislative history established during consideration of the conference report of the Trade Expansion Act indicates that the phrase "as soon as practicable" was intended to afford the President discretion in determining when action should be taken under the law. The timing of such action is under active consideration.

If I may be of further assistance to you please do not hesitate to call upon me.

Sincerely,

FREDERICK G. DUTTON,  
Assistant Secretary.

Mr. President, it is apparent from these answers that not only had nothing been done to implement section 231 of the Trade Expansion Act of 1962, but that no action on the part of the executive branch was contemplated. Even though the 1962 act became effective on October 11, 1962, the State Department, in more than a year's time, has taken absolutely no action to withdraw the benefit of our trade agreement concessions from Yugoslavia and Poland. This amounts to an utter disregard for the mandate of Congress and is in direct contrast to past occurrences.



In 1951, the Trade Agreements Extension Act of 1951 contained a similar provision directing the President "as soon as practicable" to suspend the benefit of trade agreement concessions from all Communist countries. The 1951 act became effective on June 16, 1951. By August 3, 1951, less than 2 months later, President Truman had issued a proclamation taking the necessary action. The provisions of the act of 1951 were aimed at some 13 countries. In the proclamation which President Truman issued, he instructed the Secretary of the Treasury to assess the full rates of duty provided in the Tariff Act of 1930 on imports from named Communist countries. Some few months later, President Truman effected the withdrawal of trade agreement benefits from four additional Communist countries.

The State Department fought tooth and nail the enactment of section 231 of the Trade Expansion Act of 1962 in the form in which it became law. After the State Department lost this legislative battle, it nevertheless determined that it would not carry out the directions of the Congress that most-favored-nation benefit of our tariff concessions be withdrawn from Yugoslavia and Poland.

The State Department recognized that it would be difficult, if not impossible, to secure the approval of the Congress for such legislation if the matter were brought up through normal legislative channels. Normal legislative channels would require that such a proposal first be considered by the Ways and Means Committee of the House of Representatives and the Finance Committee of the Senate. In order to circumvent this normal procedure, the State Department strategy was to include a suitable provision in the foreign aid bill. Of course the foreign aid bill does not come before the Ways and Means Committee of the House of Representatives or the Finance Committee of the Senate. Instead, it comes before the Foreign Relations Committee which would more readily acquiesce in the wishes of the Department of State. For that reason, the determination was made that the use of the foreign aid authorization bill as a vehicle for overruling section 231 of the Trade Expansion Act would have a greater chance of success.

H.R. 7885, as it passed the House of Representatives, did not contain this provision overruling the mandate of Congress in section 231 of the Trade Expansion Act of 1962. It was, however, contained in the Senate version of this bill, S. 1276. The amount of testimony offered to the Foreign Relations Committee in connection with this particular section is negligible in comparison with its importance. The Secretary of State, the witness who should be required to carry the burden of proof, devoted only one small portion of his statement to this section of the bill. This can be found beginning on the bottom of page 14 and the top of page 15 of the printed hearings.

In addition to this, a memorandum was prepared for the use of the committee by the former Ambassador to Yugo-

slavia, George F. Kennan. The meager amount of testimony which is available falls far short of that required for Congress to overrule its previous enactment which is contained in section 231 of the Trade Expansion Act of 1962.

Last year, a congressional study mission in Europe made a very enlightening report concerning the economic offensive which the Soviets are continually carrying on. The report of this study mission has been printed as House Report No. 32.

As a result of the group's on-the-ground study of the problem, it unanimously concluded that economic and trade warfare is being used as an important instrument of Soviet worldwide strategy. At this particular time, the principal commodity being used for this purpose is oil. In the past, aluminum and other commodities have been used. No one can predict with any degree of reliability which commodities or products the Soviet bloc will select in the future when it desires to disrupt the free-world markets and weaken the industries of this or other countries in the Western World.

The Soviet bloc already possesses considerable economic and technological potential from disrupting Western markets and creating this type havoc. Foreign trade by Communist countries is conducted by State trading enterprises. These are merely puppets which are manipulated by the Communist conspiracy when the grand design for the destruction of the United States and the entire Western World makes it seem appropriate. In 1961, the Soviet bloc exported \$15.6 billion worth of commodities. As it happened, only a small percentage of these Communist exports were sent to the United States. The important point to remember, however, is that the Communist countries do possess a surplus production and an ever-present export potential. When the moment arrives for them to deal a blow to this country, they possess the means of selecting products of importance in the markets essential to the economic health of our strategic industries.

It is well known that the state trading enterprises of Communist countries are able to fix prices for export sales at will. This power to set prices arbitrarily permits Communist countries to dispose of surplus production by dumping it on the world market in a manner which suits their objectives. The availability of the reduced trade agreement rate applicable to imports of such products helps the Communists in their dumping operations.

The State Department's obstructionism in carrying out the will of Congress as expressed in section 231 of the Trade Expansion Act is part of its program of wooing over Marshal Tito. The State Department's overture to Tito seems to be contrary to the views and recommendations of other branches of the executive department. In October 1962, Under Secretary of the Treasury Henry H. Fowler, in addressing the National Defense Executive Reserve on the subject of "Our Industrial Economy and Na-

tional Security," pictured in very graphic terms the challenge of the Sino-Soviet bloc. By devoting its economic production to destructive purposes rather than to the benefit of its own people, the Soviet bloc is in a position at times of its own choosing to wage economic warfare on the strategic industries of the United States. Under Secretary Fowler realistically recommended the adoption by the United States of "a program covering ordinary normal trade with the bloc in a manner that will protect private trade from the abuses of bloc state trading techniques." One such measure is readily at hand simply by having the President overrule the State Department and obey the directive of the Congress in the Trade Expansion Act by withdrawing from Poland and Yugoslavia the benefit of the reductions in U.S. duties contained in our trade agreements.

It is important to note in this regard that none of these concessions was made in trade agreements with either Yugoslavia or Poland. We will not be violating any of the terms of the agreements with those Communist countries; rather, we will be suspending their enjoyment of trade concessions for which they paid nothing, which they do not reciprocate, and which facilitate their economic penetration of U.S. markets.

Mr. President, it seems that with the notable exception of the Department of State the whole world is completely aware of the destructive potential of the state trade techniques used by Communist countries, including Yugoslavia and Poland. No less an authority than the Executive Secretary of the General Agreement on Tariffs and Trade discussed this objectionable feature of trade by Communist countries in an address delivered in Warsaw in June of 1961. He stated:

To many contracting parties it appears that the Polish trading system is such that Poland cannot in practice offer to their exporters the degree of nondiscriminatory access, subject only to a defined degree of tariff protection, as Poland would acquire as a contractual right under the general agreement.

It is significant that the United States is one of the few countries in the world which gratuitously extends to Poland and Yugoslavia most-favored-nation treatment. Poland is not now a member of GATT, and will not be entitled to most-favored-nation enjoyment of the reduced tariff duties of the member countries of GATT unless and until she becomes a member of that organization. When the President withdraws the benefit of our trade agreement concessions from Poland, as he is directed to do by section 231 of the Trade Expansion Act, the resulting situation will be no different than that which now confronts Poland in its trade with other countries of the West. To continue the quotation from the address delivered by the Executive Secretary of GATT, Mr. Eric Wyndham White:

Polish import policy is an integral part of its economic plan. The plan allocates to the import sector only that part of consumption which cannot be met by planned domestic production. There is therefore no

possibility of competing on equal terms with Polish domestic products, nor of penetrating Polish markets on the basis of competition in quality and price.

The GATT Secretary pointed out:

Both the volume and direction of trade (with Poland) is arbitrary and not subject to the play of market forces so much as to administrative and governmental decisions.

This exists not only on the import side but also in Poland's export trade. The GATT Secretary declared:

Export prices, too, present a problem for which normal antidumping provisions are inadequate, because the normal elements of price formation are lacking or difficult to establish. A control of imports from Poland is therefore necessary to make good this deficiency.

Mr. President, it is completely true, as the GATT Secretary, Mr. White, explained in his address in Poland, that countries like the United States are powerless to defend themselves from destructive imports from these Communist countries. Our procedures, geared to the prevention of disruption in the marketplace where prices are established by business organizations, simply do not accomplish the job in dealing with products that are exported by state trading enterprises with the power deliberately to price them below any level of control that can be achieved in the country of destination.

For this reason, it is madness for the United States to facilitate destructive imports from Communist countries in the future by dismantling the tariff rates of duty which would apply if trade agreement concessions were not available to them.

Mr. President, it is true that Yugoslavia put a new general customs tariff applicable to all imports into effect in March of 1961. Furthermore, it must also be pointed out that Yugoslavia is applying most-favored-nation rates of duty to imports from all sources. It is also true, however, that Yugoslavia has retained a system of import and export controls superimposed upon the tariff. Imports, with some few exceptions, are subject to a licensing requirement. Foreign exchange is allocated and controlled in such a manner that these licenses are sparingly granted. On the export side, the Yugoslavian Government subsidizes the exportation of products representing a substantial part of Yugoslavia's total exports. These export premiums may be as much as 32 percent of the value of the product being exported.

In the final analysis, Yugoslavia remains essentially a state trading enterprise in foreign trade. As stated by the report of the GATT working party on its second annual review of relations with Yugoslavia, on December 7, 1961, the Yugoslav system is of a special nature; there are no private traders and there is no place for the concept of private ownership of the means of production or of the objects of commerce in the Yugoslav social system. And while the working party concluded that the Yugoslav system was not properly a monopoly or state trading, the fact of the matter is that the means of production and the fruits of production are owned by the

state and it is the agents of the state who make the decisions concerning prices and export policies. The recent GATT report on trade in agricultural products, in dealing with Yugoslavia, sets forth the views of members of Committee II, which conducted the study, that the state sets export prices for agricultural products, and that there are many interventions in the Yugoslavian system which limit the free play of market forces.

Mr. President, the Soviet bloc countries have a planning body called the Council for Mutual Economic Assistance, known by the letters CMEA. That group worked out a set of principles for the International Socialist Division of Labor. It includes the following statement:

It is necessary continually to perfect the system of price formation on the world Socialist market in keeping with the requirements of the planned extension of the International Socialist Division of Labor, a steady expansion of trade, and the accelerated development of the world Socialist economy, while creating conditions for the gradual changeover to an independent price basis.

This statement, translated into ordinary language, means that for a long time to come the Communist countries will set prices deliberately at whatever level is required to further the Communist objective of expanding their economic system throughout the world. When it is no longer necessary for the Communist system to use arbitrary prices as a weapon of attack against the West, they will then consider some system of normal pricing, but not before.

Mr. President, the Senate of the United States is engaging in the futile exercise of wishful dreaming if it seriously thinks that granting a most-favored-nation treatment to these two Communist countries will successfully lure them away from the Communist bloc. The assertions made on the Senate floor by myself and other Senators which led to the inclusion of section 231 in the Trade Expansion Act of 1962 are just as valid today as they were then. The State Department officials and others in the executive branch of the Government have not changed their attitude nor have they cited any new or additional information which tends to prove that their high-flown theory that both Yugoslavia and Poland are independent of domination by the international Communist conspiracy is accurate.

Having persuaded the President to agree to the inclusion of a provision dealing with section 231 of the Trade Expansion Act in the foreign aid authorization bill, the State Department has also asked for the power to broaden the authority that would be conferred on the President beyond merely Yugoslavia and Poland. The language of section 402 of H.R. 7885 would not only allow the President to extend most-favored-nation treatment for imports from the Communist countries of Yugoslavia and Poland, but it would also empower him to grant that privilege to any Communist country when he decided that such action would promote the independence of that

Communist country from control by international communism. Of course, this power which is being given to the President would in actuality be delegated to the Department of State. In reality, they are asking for this power on their own behalf.

At the present time, the official State Department policy is to recognize the existence of an ideological struggle within the Communist world between Red China and the Soviet Union. The State Department, acting on behalf of the President, might well make a determination under section 402 that granting most-favored-nation treatment to any of the Communist satellite countries would promote their lining up with the Soviet Union against China, or vice versa. In their view, this would promote the independence of the beneficiary nation from control by whichever of the two Communist giants, China or Russia, that the State Department felt at the time would most likely emerge victorious in the ultimate decision.

Mr. President, it is impossible for benefits to be extended to one Communist country which do not become readily available to the whole Communist conspiracy. All that is required is that goods originating outside of Yugoslavia or Poland be sent to those countries for transshipment. If the markings on the containers are changed to indicate that Yugoslavia or Poland is the country of origin, it would be impossible for U.S. customs authorities to penetrate the Iron Curtain so as to establish the facts concerning the actual country of origin. Hence, no mistake should be made about the fact that granting most-favored-nation benefits to one Communist country extends it to all Communist countries for use at such times as Khrushchev's economic lieutenants decide that it would further the Soviet Union's or Communist China's common objective of burying the United States.

Section 402 of the foreign aid bill, therefore, is not only an attempt to overrule the public policy insisted upon by the Congress in the enactment of the Trade Expansion Act of 1962—namely, that the most-favored-nation benefit of our tariff concessions should be withdrawn from Yugoslavia and Poland—it also goes far beyond any previous line of demarcation on the subject of Communist eligibility for the most-favored-nation benefits which we grant the nations of the free world by permitting the President in his sole discretion, at times of his own choosing, to grant most-favored-nation privileges to any Communist country.

The report of the Senate Committee on Foreign Relations, approving the foreign aid bill, refers to section 402 commencing at page 39. The report's treatment of section 402 is misleading. In its first sentence it indicates it is designed to permit the President to extend most-favored-nation treatment to Communist countries. The fact is that under the law these Communist countries already have most-favored-nation treatment and will continue to have it so long as the President continues to ignore



the mandate in section 231 of the Trade Expansion Act.

The report is weak in the emphasis it gives in the second paragraph to the fact that the President was directed to withdraw most-favored-nation treatment "as soon as practicable." He has failed to do so in more than a year. October 11 was the anniversary of the effective date of the Trade Expansion Act.

The final sentence in the first paragraph of the report is somewhat misleading, to the extent that it suggests that the effect of section 231 is only to penalize Yugoslavia and Poland. This section was not so restricted, but applies to all Communist countries, and when the force of this section is ruined by section 402, then the President has authority to decide it is in the interest of this country to extend the benefit of reduced duties to each and every Communist nation in the world, except possibly Russia.

The report makes out a very weak case for favoring Yugoslavia, particularly in the discussion of trade with Yugoslavia. On page 40 the report notes that U.S. imports from Yugoslavia amounted to \$48.3 million and that U.S. exports to Yugoslavia amounted to \$154.1 million.

This apparent balance of trade in our favor is effectively destroyed when there is deducted from our exports to Yugoslavia the estimated \$131 million of exports which have been financed by the United States under various AID and other loan programs. To this extent, our exports to Yugoslavia have not been exports which offset imports in the true sense. The ultimate result is an adverse balance on commercial trade to the extent of approximately \$25.2 million.

A similar calculation can be made in the case of Poland. The report shows that U.S. imports in 1962 from Poland were \$45.6 million, and U.S. exports to Poland during 1962 were \$94.5 million. But when there is deducted from the U.S. exports the estimated \$64 million of exports which were financed by U.S. taxpayers, it is obvious that on commercial trade there is an adverse balance of trade against the United States. In this case, it is approximately \$15.1 million.

Mr. President, there is no tangible reason why section 402 of the foreign aid bill should be enacted into law. It would be detrimental to the national security of our country. Even from a purely commercial standpoint, the enactment of this section would undoubtedly benefit the Communist bloc. Unfortunately, Mr. President, the Senate rejected the amendment which was offered to eliminate section 402 from H.R. 7885. This action on the part of the Senate as a whole provides me with ample reason to vote against this measure even if the rest of the bill were acceptable.

However, the rest of this measure contains the same objectionable features which have been brought before the Senate in past years. Basically, the issue is one of economic stability versus bankruptcy. The United States, which is the last and strongest remaining bulwark of freedom, cannot continue to spend more money than it derives in

revenue year after year. Not only are we doing the people of the United States and future generations a grave injustice by attempting to do so, but we are also endangering the survival of freedom.

Mr. President, the October 21, 1963, Dan Smoot report contains some very revealing statistics concerning our foreign aid program. Mr. Smoot says:

The official public debt of the United States represents money already spent, in excess of revenue. It does not include contingent liabilities (literally trillions of dollars which the Government has committed itself to spend in future years). On December 31, 1962, the official public debt of the United States was \$303,470,080,489—which was \$24 billion more than the total indebtedness of all other nations on earth.

Yet, President Kennedy demands another \$4½ billion foreign aid bill. Why? Foreign aid has been the means of implementing the 1944 Bretton Woods scheme to give away our wealth until America is reduced to the status of a weak and dependent unit in an interdependent one-world Socialist system.

From July 1, 1946, to June 30, 1963, the United States gave away abroad \$148,456,333,000. The following tabulation, showing where the money went, does not include great sums of money and goods, in private giving, which have flowed from America to foreign lands. It does not include billions in aid which American industries have provided by building plants and making other investments abroad. A heavy percentage of the private American investments abroad has been artificially stimulated by our Government through guarantees against loss, underwritten by tax money, for the specific purpose of aiding the foreign nations. The following tabulation does not include billions of dollars' worth of agricultural goods which we have sold to foreign nations at subsidized prices, with American citizens paying the subsidies. The tabulation does not include all agricultural surpluses which we have sold to Communist nations like Poland and Yugoslavia and to neutralist nations like India, for local currencies. In such sales, we accept payment in the currency of the nation which receives our goods. We can use a small amount of such local currency to pay operating expenses of missions and embassies, and to offset dollar accumulations, in those countries. Most of the local currency, however, is worthless to us and is spent on aid projects in the countries involved.

Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD at this point in my remarks a tabulation of U.S. foreign aid to the different countries of the world from 1946 to 1962 which is contained in this issue of the Dan Smoot report.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

#### U.S. Aid to Western bloc nations (1946-62)

|                     |                 |
|---------------------|-----------------|
| Austria             | \$1,618,300,000 |
| Belgium-Luxembourg  | 2,166,700,000   |
| China (Nationalist) | 4,789,600,000   |
| Denmark             | 887,400,000     |
| France              | 11,397,300,000  |
| French territories  | 6,000,000       |
| Germany             | 7,576,900,000   |
| Germany (Berlin)    | 143,900,000     |
| Greece              | 3,943,200,000   |
| Iceland             | 78,800,000      |
| Ireland             | 146,200,000     |
| Israel              | 1,211,400,000   |
| Italy               | 7,466,800,000   |
| Japan               | 6,146,800,000   |
| Netherlands         | 2,687,400,000   |
| Norway              | 1,169,700,000   |
| Portugal            | 136,800,000     |

#### U.S. Aid to Western bloc nations (1946-62)—

| Continued                  |                |
|----------------------------|----------------|
| Portuguese overseas prov-  |                |
| inces                      | \$25,300,000   |
| Spain                      | 2,195,600,000  |
| Sweden                     | 110,000,000    |
| Turkey                     | 3,711,400,000  |
| United Kingdom             | 12,528,300,000 |
| United Kingdom territories | 1,110,000      |
| Europe, general            | 2,611,500,000  |

Total..... 73,106,110,000

#### U.S. aid to Communist bloc nations (1946-62)

|            |               |
|------------|---------------|
| Cuba       | \$90,500,000  |
| Ghana      | 28,700,000    |
| Poland     | 967,900,000   |
| U.S.S.R.   | 500,000,000   |
| Yugoslavia | 3,290,300,000 |

Total..... 4,877,400,000

#### U.S. aid to Latin American nations (1946-62)

|                        |                 |
|------------------------|-----------------|
| Argentina              | \$1,027,300,000 |
| Bolivia                | 286,400,000     |
| Brazil                 | 3,193,400,000   |
| British Guiana         | 2,600,000       |
| British Honduras       | 2,600,000       |
| Chile                  | 904,700,000     |
| Colombia               | 576,100,000     |
| Costa Rica             | 136,700,000     |
| Dominican Republic     | 9,400,000       |
| Ecuador                | 139,000,000     |
| El Salvador            | 23,400,000      |
| Guatemala              | 207,900,000     |
| Haiti                  | 127,700,000     |
| Honduras               | 54,300,000      |
| Jamaica                | 11,200,000      |
| Mexico                 | 1,246,500,000   |
| Nicaragua              | 98,400,000      |
| Panama                 | 121,100,000     |
| Paraguay               | 68,600,000      |
| Peru                   | 630,600,000     |
| Surinam (Dutch Guiana) | 3,100,000       |
| Uruguay                | 120,400,000     |
| Venezuela              | 333,600,000     |
| West Indies Federation | 12,600,000      |
| Latin America, general | 240,500,000     |

Total..... 9,578,400,000

#### U.S. aid to Afro-Asian bloc nations (1946-62)

|                      |               |
|----------------------|---------------|
| Afghanistan          | \$275,600,000 |
| Burma                | 138,900,000   |
| Cambodia             | 298,000,000   |
| Cameroun             | 2,400,000     |
| Ceylon               | 124,100,000   |
| Chad                 | 100,000       |
| Congo (Brazzaville)  | 100,000       |
| Congo (Leopoldville) | 24,100,000    |
| Cyprus               | 19,000,000    |
| Dahomey              | 4,200,000     |
| Ethiopia             | 228,400,000   |
| French Indochina     | 1,535,200,000 |
| Gabon                | 100,000       |
| Guinea               | 5,700,000     |
| India                | 5,208,300,000 |
| Indonesia            | 976,100,000   |
| Iraq                 | 69,900,000    |
| Iran                 | 1,340,700,000 |
| Ivory Coast          | 2,100,000     |
| Jordan               | 349,500,000   |
| Kenya                | 9,500,000     |
| Korea                | 6,143,000,000 |
| Laos                 | 372,700,000   |
| Lebanon              | 110,500,000   |
| Liberia              | 199,200,000   |
| Libya                | 243,600,000   |
| Malagasy             | 500,000       |
| Malaya               | 24,400,000    |
| Mali                 | 3,100,000     |
| Mauretania           | 1,700,000     |
| Morocco              | 395,500,000   |
| Nepal                | 64,800,000    |
| Niger                | 2,000,000     |
| Nigeria              | 19,800,000    |
| Pakistan             | 1,982,100,000 |
| Philippines          | 2,683,700,000 |
| Rhodesia-Nyasaland   | 55,700,000    |

*U.S. aid to Afro-Asian bloc nations  
(1946-62)—Continued*

|                           |               |
|---------------------------|---------------|
| Saudi Arabia.....         | \$65,800,000  |
| Senegal.....              | 3,600,000     |
| Sierra Leone.....         | 1,300,000     |
| Somalia.....              | 13,400,000    |
| Sudan.....                | 51,200,000    |
| Syria.....                | 100,000,000   |
| Tanganyika.....           | 6,300,000     |
| Thailand.....             | 676,800,000   |
| Togo.....                 | 2,700,000     |
| Tunisia.....              | 372,000,000   |
| Uganda.....               | 1,200,000     |
| United Arab Republic..... | 684,300,000   |
| Upper Volta.....          | 2,000,000     |
| Vietnam.....              | 2,214,200,000 |
| Yemen.....                | 25,900,000    |
| Africa, general.....      | 22,300,000    |
| Asia, Far East.....       | 427,800,000   |
| Asia, south.....          | 773,500,000   |

Total..... 28,358,600,000

*U.S. contributions to world organizations  
(1946-62)*

|  |                |
|--|----------------|
| CENTO (Central Treaty Organization).....                                   | \$25,000,000   |
| Export-Import Bank.....  | 7,000,000,000  |
| International Bank for Reconstruction and Development.....                 | 635,000,000    |
| International Monetary Fund.....   | 4,125,000,000  |
| International Finance Corporation.....                                     | 35,168,000     |
| International Development Fund.....  | 320,300,000    |
| Inter-American Development Bank.....                                       | 450,000,000    |
| Inter-American Social Progress Fund.....                                   | 394,000,000    |
| United Nations; U.N. specialized agencies, special programs and funds..... | 1,717,093,000  |
| UNRRA (United Nations Relief and Rehabilitation Administration).....       | 3,400,000,000  |
| Total.....   | 18,101,561,000 |

*Résumé*

|  |                 |
|--|-----------------|
| Foreign aid appropriated but unspent as of June 30, 1962.....  | \$8,000,000,000 |
| Foreign aid appropriated for fiscal year ending June 30, 1963 (breakdowns not yet available).....      | 6,433,962,000   |
| Grand total, U.S. aid to all nations and world organizations, July 1, 1946, through June 30, 1963..... | 148,456,333,000 |

Mr. THURMOND. Mr. Smoot goes on to say:

The \$148.5 billion which our Government has taken from taxpayers and given away abroad since 1946 is \$46.7 billion more than the total assessed valuation of all property (including land) in the 50 largest cities of the United States.

Foreign aid since 1946 has cost individual taxpayers an average of \$1,537 each, and has cost corporation taxpayers an average of \$25,828 each. Since all corporation taxes must necessarily be passed on to consumers in price of goods, the total burden of our Government's foreign giveaway actually falls on individual Americans.

None can deny the harsh fact that this giveaway has brought us to the edge of economic ruin, saddling our citizens and their posterity with a debt exceeding the combined indebtedness of all other nations on earth, and putting us at the mercy of the very nations which have received our bounty. None can deny that American tax money has built foreign industries which now undersell our own—and that the American industries are still being taxed to subsidize foreign competi-

itors. None can deny that American foreign aid and American foreign-investment guarantees have caused American industries to expand abroad, thus curtailing industrial expansion at home. None can deny that many American industries have already been grievously hurt by foreign competition which American tax money subsidizes abroad—and that thousands of American workers have thus lost jobs.

And none can show that our foreign aid programs have done any good for the United States. Ostensibly, the primary purpose of our foreign aid is to fight communism. It has done the opposite.

Look at the list of nations receiving our aid and determine which, if any, are now stancher friends of America, or sterner foes of communism, than before our aid began. You will not find one on the list.

We alienated the Netherlands by forcing them to surrender their East Indian possessions—which became the pro-Communist nation of Indonesia. In 1962, we deepened the injury by our part in forcing the Netherlands to surrender New Guinea to Indonesia.

Australia (which owes us no money) is disturbed and angry because of this New Guinea deal. Indonesia and the Philippines now berate us for supporting the new nation, Malaysia.

Our State Department is responsible for converting Cuba into an enemy nation. In forcing the downfall of Trujillo in the Dominican Republic, we eliminated the last strong friend we had in the Caribbean area. We helped establish the pro-Communist government of Juan Bosch in the Dominican Republic. This month, we refused to recognize the anti-Communist group which overthrew Bosch.

The alienation of France now seems complete. West Germany is outraged about our wheat deal with the Soviets. Cambodia resents us because of arms we give to Thailand. Thailand resents us because of arms we give to Cambodia. Pakistan resents us because of aid we give to India. India resents us because of aid we give to Pakistan.

We alienated Portugal by our United Nations stand regarding Portuguese Angola in Africa; and we alienated South Africa (which owes us no money) by criticizing her internal policies.

The dastardly United Nations rape of Katanga—which we financed and supported without stint—not only eliminated Katanga as a friend of America but apparently caused hatred of us throughout Africa. United Nations forces bombed hospitals, homes, industrial plants, and schools. United Nations troops (which included uncivilized Gurkhas from India and savage tribesmen from Ethiopia) committed atrocities against women, children, missionaries, doctors, and other civilians. Meanwhile, Congolese troops—drawing their pay at the expense of American taxpayers—roamed the country in lawless, drunken bands, raping, killing, and pillaging.

In Peru, there is hurt and bewilderment on the part of intelligent, middle-class Peruvians at our failure to give full recognition to the anti-Communist group which seized power there.

Brazil (largest recipient of our aid in South America) is in the hands of Communists or pro-Communists, and so are Bolivia, Uruguay, and Venezuela. Argentina, second largest beneficiary of our aid in South America, is so wildly unstable that a Communist coup is possible at any time. Indeed, Kennedy's foreign aid program for Latin America (Alliance for Progress) is preparing that whole region for communism.

Iceland is pro-Communist, strongly anti-United States. Israel, a socialist nation which has received vast sums of American money, is training armies for the Communist dictator of Ghana. Italy contains the

second biggest Communist Party outside the Communist bloc and is currently nationalizing (which means communizing) major industries.

Of the 52 Afro-Asian bloc nations which receive our aid, at least 5 can correctly be called Communist nations, since they are controlled by Communists or by men like Sukarno of Indonesia who is, for all practical purposes, a Communist: Algeria, Congo (Léopoldville), Guinea, Indonesia, Laos.

All Afro-Asian nations are, like Burma and India, Socialist nations with political ideologies basically inimical to American constitutional ideals; and most of them have revealed a deep hostility toward the United States. Yet, the European nations which were once colonial powers in Africa and Asia, resent us for the aid we gave to help destroy their empires.

All over the world, nations take our economic aid, not to develop free enterprise economies compatible with American constitutional principles, but to finance Socialist systems patterned after the Soviet Union. All over the world, nations accept our military aid, not to help defend the free world against communism, but to support their own tyranny over their own people and to strengthen themselves against their neighbors, who are also accepting our military aid as members of our free world alliance.

Our military aid to foreign nations puts all of our allies into an armaments race with one another. We finance both sides, and both sides resent us.

How much freedom for the world, or friendship for ourselves, have we bought with \$4.8 billion in aid to Communist nations since July 1946? The \$500 million shown in the above tabulation for the Soviet Union is for World War II lend-lease delivered after July 1, 1946. Prior to 1946, we gave the Soviets (in lend-lease during World War II) \$11.1 billion in aid.

In this connection, it is instructive to look at the total picture of American foreign aid. The figures tabulated above are for the period since July 1, 1946. Prior to that, we had already given away \$58.9 billion in aid to foreign nations.

The net amount of foreign aid which the United States has given to foreign nations since our involvement in the First World War is \$207,434,234,867. Australia, Canada, New Zealand, and South Africa are—as far as I have been able to determine—the only nations on earth who do not owe money to the United States. Here are the 15 nations which have received the most from us (the figures include unpaid World War I debts, net amounts of lend lease received during World War II, and net amounts of foreign aid received from July 1, 1946, through June 30, 1962):

|                          | Amount           |
|--------------------------|------------------|
| United Kingdom.....      | \$45,003,414,301 |
| France.....              | 19,998,967,994   |
| U.S.S.R.....             | 12,351,952,530   |
| Italy.....               | 9,673,447,659    |
| Germany.....             | 7,576,900,000    |
| Japan.....               | 6,146,800,000    |
| Korea.....               | 6,143,000,000    |
| China (Nationalist)..... | 6,125,232,000    |
| India.....               | 5,208,300,000    |
| Greece.....              | 4,064,320,815    |
| Turkey.....              | 3,741,400,000    |
| Brazil.....              | 3,512,894,000    |
| Yugoslavia.....          | 3,366,329,843    |
| Netherlands.....         | 2,865,464,000    |
| Philippines.....         | 2,683,700,000    |
| Total.....               | 137,462,123,142  |

Mr. President, the August 1963 issue of the Reader's Digest contained a very revealing story entitled "Let's Stop Sending U.S. Dollars to Aid Our Enemies," by Charles Stevenson. I have previously



had this article printed in the CONGRESSIONAL RECORD. However, I believe that a brief résumé of some of the points brought out would be worthwhile at this time. Mr. Stevenson quotes Congressman OTTO E. PASSMAN, chairman of the House Foreign Aid Appropriations Subcommittee, as follows:

The trouble is that too much of our foreign aid has deteriorated into a subsidy of Communist takeover. And the spenders are so power hungry, they so withhold the truth from the public, they are so beyond the normal controls of Congress, that there seems no way to confine assistance to helping people help themselves unless we kill the entire operation and begin over.

Mr. Stevenson goes on to say:

Simply reducing appropriations won't cure what's wrong with an aid organization which is in more trouble than ever after going through 10 different administrators, 5 major reorganizations and more than 100 billion tax dollars.

As an example, this article points out that the foreign aid authorities have not been able to spend as much money as they have been given in any year since 1958. There is an accumulation of funds carried over from year to year to such an extent that the failure of Congress to pass an authorization bill would probably not effectively restrain the level of foreign aid spending.

Our foreign aid money in all parts of the world is being used to finance Government-owned and controlled, socialistic enterprises which in many cases compete with private businesses.

Articles of this nature are causing the American public to realize the fallacy underlying our foreign aid program. I believe that this large-scale public understanding is beneficial and will result in more serious misgivings about this program on the part of the Members of Congress. I cannot support the pending foreign aid authorization bill and will express my opposition to any such future proposals until such time as the needed reforms are undertaken.

#### A SYSTEMATIC REVIEW OF FOREIGN AID NEEDED

Mr. HART. Mr. President, yesterday President Kennedy called the opposition to his foreign aid program the worst attack since the Marshall plan. Certainly the debate these last couple of weeks has put on the line some very urgent matters. We need better guidelines in the program. We apparently need a new framework for allocating and expending the taxpayers' money. We need a clearer set of priorities. We need more concentrated effort in particular areas. We need more integrated thinking on the role of foreign aid in the overall pattern of American foreign policy, and our long-term strategic interests. We need more effort to relate foreign aid to other tools of our foreign policy, and to the political objectives of the free world. We need a greater interallied effort.

In short, Mr. President, we need a major and total review of our foreign aid program in the light of present world conditions, and our best estimate of current and future international trends. This is the nub of today's situation. This is the meaning of the reckless at-

tacks on a major tool of our foreign policy, and one that has served this country well. This is the meaning of the restrictive amendments proposed to the pending measure, and the mass confusion they have created.

Perhaps a major review of our foreign aid program is underway in the executive branch—I do not know. In any case, such a review is needed—before the next session of Congress. It will help clear the air, and renew public confidence in a major program. I urge the President to give this matter his urgent attention. He would be well advised, I believe, to recall the Clay Committee to serve as a focal point of such a review, with a mandate to seek further findings and recommendations early in 1964.

It is true that in the last couple of years, the administration has taken a number of initiatives to put our aid program on a firmer footing. Some splendid efforts have been made. The Alliance for Progress is a foremost example.

But some of these efforts, and their positive results, have gone largely unnoticed—or so it seems. A case in point is the very sensitive and highly important plan to make economic reform a condition of U.S. aid—a plan, Mr. President, that is beginning to bite.

Some efforts have been taken out of context and misinterpreted. The Clay report, for example, has been falsely used by the opponents of foreign aid in their efforts to reduce drastically the current program—much to the chagrin of General Clay. I need only call Senators' attention to a recent article by the general, which I will ask unanimous consent to have inserted in the RECORD at the conclusion of my remarks.

Other efforts of the administration, Mr. President, have been lost in the flurry of debate riveted on the failures and shortcomings of our aid policy. Still others have been smothered by the "petty irritations" President Kennedy mentioned in a speech a few days ago.

Perhaps this situation was inevitable, inasmuch as these efforts often reflected a brush-fire approach to our aid problems. They were often quick improvisations and piecemeal measures. They were often defensive in tone. But whatever the reason, a total reexamination is now due.

Mr. President, the distinguished chairman of the Foreign Relations Committee, the junior Senator from Arkansas, pointed the way to a reexamination of the foreign aid program on October 28. I commend the Senator for his thoughtful remarks. He speaks from experience and with authority. I wish to associate myself with the general tenor of his comments. As I recall the Senator's remarks, he offered four suggestions:

First, that we seriously consider separating the military component of the foreign aid program from the economic and other elements;

Second, that we consider reducing our bilateral development loan program, and look increasingly to international financial institutions for the provision of capital loans;

Third, that we consider giving priority attention to the development of the hu-

man resources which are necessary precursors to meaningful economic development—education and the like; and

Fourth, that we consider providing the President with a much larger contingency fund to act with maximum effect in critical situations.

The Senator's suggestions deserve our attention in the months ahead, Mr. President, and the attention of all Americans. He offers some worthy suggestions. I stake no claim on being an expert in foreign affairs, but there are at least two additional areas I would add to his list of suggestions.

First, a very real and concerted effort must be made to coordinate free world aid programs and to increase the aid contributions of our allies. We need more concrete results in this area.

Second. Regional approaches to foreign aid must receive greater attention. In southeast Asia, for example, this could possibly be done through a revived Southeast Asia Treaty Organization. Serious consideration should be given by the Allied Powers to a broadening and redefining of SEATO's terms of reference. SEATO is now an exclusively anti-Communist alliance. It would seem to me, however, that SEATO would be serving free world interests even more, if it were capable of insuring the political stability and economic progress of the entire area, including the new Malaysia and against subversion from any quarter.

Broadening SEATO's terms of reference, and injecting into it a little of the Alliance for Progress concept—or an inter-Allied basis—is a tall order. But it is an avenue of approach which needs, I believe, some thoughtful consideration—for southeast Asia and other areas as well.

Mr. President, I trust the administration will undertake a systematic review of our entire foreign aid program in line with the long-term strategic interests of this country. It should present recommendations to Congress early in the next session. The American people would welcome this review.

Congress must still complete action on the pending program. I was hopeful the end result would not digress radically, at least from that proposed by the Foreign Relations Committee. But this does not seem to be the will of Congress.

Certainly, we need some new directions in the foreign aid program. We need a reexamination. That is why I propose, most urgently, a systematic review. Meanwhile, in further considering the pending program, we would do well to weigh our criticisms against the positive value being accomplished for our security because of the aid program and in spite of its shortcomings. The scales are heavily weighted on the value side.

And is it not a paradox, Mr. President, that at a time when the Communist bloc is experiencing difficulties in its domestic and foreign programs, including that of foreign aid, the bulk of this country's attention is riveted upon the failures and shortcomings of our program, rather than on the opportunities

opening up for America, and on the possibilities of making foreign aid of even greater value to our security in the years ahead?

Hopefully, the problems in our foreign aid program, and those in our relationship to the undeveloped countries, will not repel us back toward isolationism. I do not believe we have lost our creative instincts. Let us put on our thinking caps. Let us solve our problems. Let us seize the opportunities before us, and get on with the task at hand. The security of our country, and that of freedom everywhere, requires no less.

Mr. President, I ask unanimous consent to include at this point in the Record the statement of General Clay which appeared in the Grand Rapids Press on October 13, 1963. I also ask unanimous consent to include an editorial from the Detroit News—October 28, 1963—on making greater use of the international financial institutions for economic development.

There being no objection, the statement and editorial were ordered to be printed in the RECORD, as follows:

[From the Grand Rapids Press, Oct. 13, 1963]

#### CLAY OPPOSES AID CUTS—SEES DANGER FOR FREE WORLD IN HOUSE ACTION

(EDITOR'S NOTE.—The Committee To Strengthen the Security of the Free World earlier this year made certain recommendations on U.S. foreign aid, based on an intensive study of the question. But the House ignored the committee's suggestions and made drastic cuts in the proposed budget. Gen. Lucius D. Clay, chairman of the committee, here explains some of the dangers he sees in the House action.)

(By Lucius D. Clay)

Our Committee To Strengthen the Security of the Free World, in its comprehensive examination of the aid program earlier this year, found in the words of our report what every American President has found since the program was first started: that a sound foreign aid program "is essential to the security of our Nation and necessary to the exercise of its worldwide responsibilities."

In the belief that it would contribute to the continuance of the program on a sound basis, our report did recommend certain reductions which we thought would improve its effectiveness while reducing its cost. However, the report stressed the importance of these cuts being made over a period of several years to avoid drastic consequences and cancellation of commitments entered into in good faith.

By and large, the recommendations which we had made were closely paralleled by many in the report of the House Foreign Affairs Committee to the full House of Representatives. Indeed, this committee made somewhat greater cuts than were embodied in our suggestions. Nevertheless, its considered recommendation for an authorization of \$4.1 billion, which was in itself \$400 million below the President's request, was slashed by \$585 million to \$3.5 billion on the House floor.

I believe that the larger cut is a threat to vital U.S. interests abroad, and I am disturbed in particular by the reductions in the Alliance for Progress and for the military assistance program.

In proposing the Alliance for Progress, the United States undertook solemn commitments in the Charter of Punta del Este to provide external support to the self-help efforts of the Latin American countries. While it is likely that some of the Latin American

countries will not be able to realize the goals essential to maximum support by the United States, many of them are making real progress. While only those funds justified by this progress will actually be made available, it would seem to me that the United States must be in a position to sustain its commitments to the full extent that would result if Latin American performance were satisfactory.

A failure to authorize the appropriation of funds which would meet this commitment would be taken by many as evidence of our lack of sincerity. Moreover, if the reduction stands, fewer funds would be available this year than were appropriated last year when the Alliance was moving less rapidly than it is today. Certainly, political stability on this continent is highly desirable, and such stability can develop only in an atmosphere of economic improvement. If the Alliance for Progress does not provide this atmosphere, I know of no other way to proceed, and it seems to me that it justifies our full support as long as it holds promise.

I also believe that the House has made much too sharp a reduction in the military assistance program to be accomplished in 1 year without encouraging damaging results to the security of the free world. Certainly, our policy of supporting the defense establishments of free nations adjacent to Communist countries has prevented the political penetration which was so successful in taking over the countries of Eastern Europe. It is also clear that the defense establishments in many of these countries are beyond their economic capacities. Admittedly, cutbacks in this program are possible—over several years. Immediate forced reductions could require rapid deterioration in military forces with consequent political disturbances in several of the countries now receiving military aid from the United States. In point of fact, we might well reduce the resources of our own defense budget rather than to discontinue or to sharply reduce the support which makes possible the contribution of the foreign military forces to the security of the free world.

Thus, and particularly in these specific programs, I believe the cuts enacted by the House to be excessive. If allowed to stand, the damage they would cause would have its effect on future years, even if not immediately apparent. The Senate has, of course, not yet acted on the authorization bill, nor has the Senate Committee on Foreign Relations as yet reported to the Senate.

However, there is not much time left to consider carefully the extent of this year's program and to be sure that it represents a sound and balanced contribution to our national security and to the execution of our foreign policy. False charges, valid criticism, and general indifference may have obscured, and even overshadowed, an appreciation of the value of our foreign aid program. It can be carefully and gradually reduced, barring extraordinary developments. Nevertheless, real progress is being made both in improving the administration of the program and in directing funds to countries and projects which offer optimum return. This is the proper way to improve our foreign aid program rather than to take the risks involved in too great a cut in 1 year—a cut which might well negate really successful efforts in many parts of the world.

[From the Detroit News, Oct. 28, 1963]

#### SHIFT IN AID URGED

Even their best friend in Congress is now telling foreign aid administrators what is wrong with their programs.

Foreign aid's best friend has been the Senate Foreign Relations Committee, which now has recommended that loans for economic development be made by international agencies such as the World Bank rather than by the U.S. Government alone.

In making this recommendation, the committee endorsed the views of Eugene Black, former World Bank President. He believes World Bank officials could exercise more influence over the use of a loan because they would not be suspected of ulterior motives. World Bank officials also could be more insistent on sound terms and could make their lending conditional upon greater efforts by the recipient country itself.

The committee itself felt that the shift from bilateral to multilateral lending would tend to put a greater burden of foreign aid financing on Western European countries. They have been spending more for foreign aid, but their \$2-billion-a-year total still is well below their capacity, in the committee's view.

Despite its criticism of present foreign aid loan practices, the committee recommended a \$4.2 billion foreign aid authorization for the current year. That compares with the \$3.5 billion authorization voted by the House and the \$4.5 billion asked by the President. The authorization, when finally passed by both Houses, will serve only as a ceiling, and the appropriation bill still will have to be passed.

Since the Government already is almost 4 months into the current fiscal year, the committee's recommendation for the internationalization of foreign aid loans may have come too late for action at the current session of Congress. But it is a good recommendation that ought to be implemented as soon as Congress can get to it.

#### OIL CONTRACT NULLIFICATION

Mr. MONRONEY. Mr. President, on Wednesday, my distinguished colleague from Iowa [Mr. HICKENLOOPER] spoke to us at length on the attitude of the Argentina Government toward foreign oil companies, and outlined to us the manner in which his amendment to the Foreign Assistance Act is being strengthened in this year's bill.

I spoke at that time to indicate my support of the additional language to make sure that assistance is suspended in cases of what has been called creeping expropriation. My colleagues from the Foreign Relations Committee made it clear that the law we are considering will cover the Argentine oil contract nullification case, if nullification is carried out, to suspend foreign aid and other funds.

The Senator from Iowa, who has made a great contribution in his study of this subject, assured the Senate, in answer to my questions, that the amendment applies for the Alliance for Progress as it does to other AID programs.

Interest in our action here is evident among citizens all over the country. The Tulsa World, in Tulsa, Okla., carried an excellent editorial in its November 12 edition on this subject of Argentine attitudes toward foreign oil companies, and urged us to revise last year's amendment. I am glad to be able to inform them that the bill this year is even stronger than we passed previously. I ask unanimous consent that the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### FALSE PRIDE IN ARGENTINA

Most Americans north of the border find it hard to understand the attitude of the Government of Argentina headed by President Arturo Illia.



The Illia regime seems determined to cancel its contracts with all foreign oil companies in Argentina. The action would directly affect a number of U.S. firms with an investment estimated at \$397 million.

The Government promises to protect legitimate rights, but Argentina will determine what those rights are. The oil companies can hardly be reassured by this kind of pledge.

Illia states no specific objections to the contracts. But he ran for office on a promise to annul them, and he is apparently going to keep his word, regardless of the international consequences.

The stakes in Argentina go far beyond the interests of the oil companies. The U.S. basic concept in the 20-nation Alliance for Progress is clearly involved.

One of the main goals of the Alliance is to encourage private investment in the Latin American countries, where the flow of American aid is intended to stimulate the local economy. All the Latin countries need foreign capital, and that certainly includes Argentina, a nation that has complained in the past it was not getting American aid fast enough.

What kind of effect can the Illia government expect its oil contract annulment to have on present and potential investors in Argentina? The answer is obvious; the action is bound to throw a chill over any plans to bring private money into the country.

The United States does not approve of the Argentine Government's attitude, but Under Secretary of State Averell Harriman doesn't seem able to change Illia's mind. So what do we do about it?

We suggest that one place to start showing U.S. displeasure is Alliance for Progress funds. Why should our Government continue to spend Alliance funds in behalf of a country that is summarily undermining American investments?

The principal purpose of the Alliance is not to protect the chestnuts of private American companies. But neither is our Government obliged to pour tax money into countries that are long on accepting the benefits of the Alliance but mighty short on assuming its obligations.

The Latin Americans are proud people. Understandably, they do not like the role of beggars; they want some say-so in how foreign aid money is spent in their countries.

But the United States has some feelings, too. For one thing, we object to anyone who accepts our friendly aid money and responds by kicking us in the teeth.

If we continue to shell out in the face of such ungracious conduct, will not the other Alliance countries feel free to do the same?

Last year an effort was made in Congress to tie a little "if" to the foreign aid program, holding back aid from countries that reached out to gobble up U.S. investments. Maybe it's time to revive that amendment.

#### ANNOUNCEMENT OF MEETING OF THE COMMITTEE ON BANKING AND CURRENCY ON NOVEMBER 20

Mr. ROBERTSON. Mr. President, I wish to announce that the Committee on Banking and Currency will hold hearings, in accordance with the recent unanimous-consent agreement, on the bill S. 2310, introduced by the Senator from South Dakota [Mr. MUNDT] to prohibit any guarantee by the Export-Import Bank on any other agency of the Government of payment of obligations of Communist countries. These hearings will be held in room 5302, New Senate Office Building, beginning at 10 a.m., on Wednesday, November 20, 1963. All persons who wish to appear and testify on this matter are requested to notify Mr. Matthew Hale, chief of staff, Com-

mittee on Banking and Currency, room 5300 New Senate Office Building, Washington, D.C., telephone number Capitol 4-3121, extension 3921, as soon as possible.

Mr. President, I have admiration, fondness, and respect for the Senate leaders. They are two splendid men—the Senator from Montana [Mr. MANSFIELD] and the Senator from Illinois [Mr. DIRKSEN]. When they united in calling me today to ask whether I would cooperate with them in having prompt hearings on a bill that embodied the Mundt amendment, which I fully supported, and asked our committee to report back to the Senate on November 25, and gave assurances that if the bill were reported to the Senate on the 25th it would be given priority. I agreed to do so. Hence my announcement.

But, Mr. President, in my opinion the bill embodies a very important principle. We have been giving aid to 107 nations in the world.

The bill that the Senate will shortly pass contains a prohibition against any aid going to any Communist country, except for a hospital in Poland and the Public Law 480 program in Poland and Yugoslavia.

The Mundt amendment proposed that we should not give aid to Communist countries that wished to buy on credit through the Export-Import Bank. That is what the bill S. 2310 is about. It is a vital bill.

I expect all members of the Committee on Banking and Currency to be present on November 25 so that we can legally act on the bill and report it either favorably or unfavorably. I welcome this opportunity to commend our majority and minority leaders.

Mr. CLARK. Mr. President, I shall detain the Senate no more than a very few minutes. I have hitherto remained silent while the debate went forward on the bill. I wish to make a brief record of my position. I shall vote for the bill, which I fear has been badly crippled by the Senate. Many amendments with which I find myself in accord in principle have been adopted. I believe we should look hard and long before we give another dollar of aid to Nasser. I think we should look hard and long before we give another dollar of aid to Sukarno. But I fear that in the strait-jacket in which a number of the amendments have placed the President it will be difficult indeed for him to have the flexibility needed to conduct our day-to-day foreign policy as the Constitution intended that he should.

I believe it is the right of the Senate to lay down broad legislative mandates in the field of foreign policy. Indeed, that was contemplated by the Constitution. I therefore have no quarrel with many of the new indications of policy which appear in the bill. In fact, I support most of them. I say again, as I said last night, that I deplore the effort of so many of us to be our own little individual secretaries of state and impinge on the right of the President and the Secretary of State to conduct foreign policy day by day, and to write in inflexible restrictions on the power of

the President to conduct our foreign policy.

I deplore also the action of the Senate—and, indeed, the action of the leadership—in cutting back from \$4,200 million to hardly more than \$3,500 million the authorization in the bill.

I should like to have had an opportunity to vote for the original figure of \$4.2 billion proposed by the Foreign Relations Committee. I regret that I had no such opportunity. That does not mean that I do not think that in due course we should taper off the program.

I am opposed to military aid for Latin America. I am opposed to military aid for NATO allies who can well support their own situation.

I wonder why we did not have the courage to cut back aid to Chiang Kai-shek. I wonder why we did not have the courage to take some of the aid out of South Korea. Those are the places we should be looking into. Instead of that, we do it by indirection. We cut aid back to some of our friends with the thought that the only way the President can find the money to give them what they need is to take it away from some of the areas in which we should have the political courage to stand up and say, "You do not need it there."

Mr. President, I shall support the bill with a fairly heavy heart. I hope that by next year the administration will have found a formula by which this great and generous country can pay an infinitely small percentage of its gross national product to countries less fortunate than we are, to countries in need, to countries that we hope to save from the yoke of communism. My hope is that can be worked out. I also hope the conference will show more wisdom than, in my judgment, was shown by the Senate.

I shall vote for the bill.

Mr. HUMPHREY. Mr. President, I shall be brief. Let me point out that in the final moments of consideration of this bill we find ourselves in a most paradoxical and ironic situation. I believe that in Mr. David Bell we have as able an administrator of the foreign aid program as any we have ever had. As administrator, he presides over the program at a time when it is receiving its most bitter and severe criticism.

The program was reorganized in 1961 at the behest of President Kennedy. Following the enactment of the 1961 foreign aid program, a new effort was made for the recruitment of new personnel—experienced and knowledgeable administrators, assistant administrators and mission chiefs. I should like to go on record as saying it is my conviction, after careful on-the-spot examination, in country after country, that we have dedicated, able, and conscientious people in the AID program to a degree such as we have never had since the days of the Marshall plan.

Mr. President, I am pleased with one development in the debate on foreign aid. We have strengthened the role of private enterprise in the foreign aid program. This was long overdue. We have invited into the oversea economic and technical assistance program the real muscle, the real strength, the real know-how of

America, which is the private enterprise free economy system. For this we are indebted to many Senators, who have been critical of the bill but who have offered constructive amendments.

I was happy to join with some of those Senators in aiding the adoption of those amendments.

We find ourselves in another paradoxical situation—at the time this country is approaching a \$600 billion a year economy, we are retreating, and retrenching in our overseas commitments.

This is the smallest foreign aid authorization ever adopted by the Senate since 1948. At the time our gross national product is the largest, at the time that we have the greatest commitments in the world, at the time we are beginning to see some signs of victory for the side of freedom, we are retrenching.

We retrench at the time the Soviet Union and its satellites find themselves in difficulty, economically and politically. It seems to me that what we should be doing is pouring on the coal, so to speak, redoubling our efforts, harnessing our resources, and making up our minds that we have a great opportunity.

Mr. President, I know reforms are necessary. Some of those reforms have been outlined in the committee report. I am going to file for the RECORD a statement as to what I believe would be constructive reforms in foreign aid—not reforms that will diminish our effort, but reforms that will accelerate and intensify our effort. One of those reforms, which I believe is vital, relates to the matter of bringing in other nations to help us provide economic assistance to help underdeveloped areas, by using the contract form with private groups and with the established Government agencies, which we call the domestic agencies of our Government.

Mr. President, I hope Senators have read the morning press. Despite 3 or 4 days of really disturbing news from Brazil, we now find that the program which our Government supports has won the overwhelming support of our Latin American neighbors.

The bad news that claimed the headlines for a week are in the ashcan. America's proposal—the proposal of President Kennedy—at the São Paulo Conference for an overall supervisory committee has been adopted, Brazil and Argentina to the contrary notwithstanding. These are things that we said would happen, and I believe we should let this vote on foreign aid be an expression of our confidence in our program.

#### TECHNICAL ASSISTANCE FOR HEALTH IN THE MUTUAL SECURITY AUTHORIZATION BILL FOR 1964

Mr. President, I should like to express a few words with respect to one of the technical assistance programs which is authorized in the foreign aid bill.

I refer to a program in which I have been especially interested down through the years—technical assistance for health.

The actual dollar outlay for this purpose represents only a tiny proportion of the total funds in the bill pending before us.

#### POINT 4 TYPE GRANTS AND LOANS FOR HEALTH

In the 1963 fiscal year, the Agency for International Development spent around \$36 million in grants for health; in the 1964 fiscal year, it will have spent around \$45 million for point 4 type health assistance.

In addition, during these 2 fiscal years, AID health loans for public water and sewerage projects were and are \$95 million and \$112 million, respectively.

#### HEALTH AID IS RELATIVELY NONCONTROVERSIAL

This is money well spent. Probably no single item in the entire multibillion-dollar aid program is more universally esteemed and less controversial than aid against mankind's ancient foes of disease and disability.

At this very time in Chicago, Ill., a second conference on international health is being held under the auspices of the American Medical Association. The American Medical Association had kindly invited me to this important meeting, but Senate duties, of course, prevented my being there.

The conference signifies, however, the deep, nonpartisan interest of the medical and of allied professions—nursing, dentistry, pharmacy, sanitary engineering, and so forth—in overseas health assistance.

#### CAPITAL RESOURCES AND HUMAN RESOURCES

Year after year, I have urged that increased attention be paid to all forms of technical assistance to education, to agriculture, and health.

Year after year, however, there has been a tendency—I must say very frankly—to keep assistance for human resources relatively low and to maximize assistance for capital resources.

Economists, particularly, tend to think that foreign aid can best launch developing countries into self-sustaining growth by sponsoring such "brick and mortar" projects as new roads, powerplants, steel mills, other forms of factories, and the like.

There is no question but that, from an economic standpoint, gross national product can indeed be most spectacularly increased by aid for capital-type projects of this nature.

From a human standpoint, however, we cannot afford to lose sight of the importance of aid to the human beings who are now living and who, in so many instances, are now suffering and dying.

A careful balance is necessary, therefore, between aid for capital improvements which do generate national income and aid for human beings who are, after all, a nation's most important asset.

Certainly, capital loans for clean water and for sound disposal of waste represent a good blend of economic human aid.

I am delighted, therefore, that AID is supporting more water and sewer programs in the interest of combating the infectious diseases which are bred by unsanitary conditions.

#### REGRETTABLE CUT IN NUMBER OF HEALTH TECHNICIANS

It is a curious fact, however, that at the very time that AID is soundly increasing its water-sewer loans, it is

cutting down its point 4 type health personnel from 372 technicians to 334 in the 1964 fiscal year. This means, for example, fewer sanitary engineers to supervise the loans for sanitary projects.

This cut is, very candidly, neither good economics nor good health practice. Water and sewer projects do not get built well or function well if construction and operation are not properly supervised by competent people, right on the scene.

I hope, therefore, that AID will see its way clear toward sending not only adequate money, but adequate numbers of well-trained men and women to supervise and to work on health projects, in cooperation with indigenous health teams.

#### DISTURBING SLASH IN LATIN AMERICA

I should like to say further that the figures which I have quoted earlier are worldwide estimates.

In one particular region the estimates, when broken down, prove actually disturbing. In Latin America, of all places, the one region where U.S. interest is paramount, the number of point 4 type health assistance projects is being slashed from 101 in the 1963 fiscal year to only 43 in the 1964 fiscal year. This slash cannot be justified, in my view.

It seems to represent the views of economists who are more concerned with monumental engineering projects for tomorrow than with the plight of human beings, living today.

The needs of tomorrow must certainly be attended to, but people are sick today, are dying today, and need medical assistance today. These people are interested in what their government and our Government are doing for them and for their children now—not just tomorrow.

I can well understand the thinking of AID on the difficult problem of allocation of relatively limited resources.

#### DANGER IN HOUSE SLASH OF OVERALL FUNDS

I point out, too, that if the House's unfortunate slash in AID funds is not altered in conference, the reduction in health aid will become even more severe.

I hope and believe that this will not occur. I earnestly ask our colleagues in the House to give their most thoughtful review to this problem.

#### NEED FOR PUBLIC HEALTH SERVICE COLLABORATION WITH AID

There is one further phase of overseas health aid to which I should like to refer.

It is a phase on which the Senate Government Operations Subcommittee, of which I am chairman, has particularly specialized. I refer to interagency coordination.

Ever since 1958, this Subcommittee on Reorganization and International Organizations has insisted on closer coordination between the foreign aid agency—that is AID—and the so-called domestic agency which has the foremost technical competence in the health field—the U.S. Public Health Service.

Although this idea seems relatively simple, although it has always been accepted, at least in theory, because it is so unassailable, in point of fact, it has never been adequately implemented.



Often, as a result, AID has found it virtually impossible to fill vacancies in principal health posts in key countries.

Public Health Service officers have sometimes felt that their acceptance of an overseas AID assignment might prove a detriment, not an aid to their own ultimate career development. And there have been other interagency shortcomings as well.

#### TRIBUTE TO HEALTH PROFESSIONALS

Notwithstanding these conditions, I want to say that this Nation can be proud of the humanitarian accomplishments overseas by federally employed doctors, nurses, malariologists, pharmacists, and other members of the health team, just as it can be proud of aid rendered by non-governmental groups like CARE, Medico, Project Hope, medical missionaries of various religious faiths, and other private sources.

#### ABLE TOP TEAM AT AID

From the standpoint of the U.S. Government, the time for improved teamwork is nonetheless long overdue.

Fortunately, as AID's Assistant Administrator for Human Resources, serving with the able Administrator, David Bell, there is a very competent physician in charge, Leona Baumgartner. This distinguished doctor has a long and outstanding interest in public health measures, at home and abroad.

I do not have the slightest doubt but that Dr. Baumgartner seeks to work out the closest collaboration with the U.S. Public Health Service and with private organizations. However, the sometimes rigid mechanisms of the Agency for International Development have tended to discourage greater initiative and responsibility on the part of other Federal agencies, such as the constituent units of the Department of Health, Education, and Welfare.

Here, I refer to both medical and non-medical units of HEW; that is, to the U.S. Office for Education, for example.

What I seek is to encourage the domestic U.S. agencies with technical assistance competence—for example, in such fields as in housing, agriculture, and so forth—to become genuine partners—in fact, not merely in name—with AID.

#### NEED FOR A CAREER POOL OF EMPLOYEES

Such cooperation and coordination is in the interest of both economy and efficiency. For example, in health, the U.S. Public Health Service has the best trained experts in the executive branch and the best access to still more of the best experts in private life, in schools of public health and elsewhere. Meanwhile, AID has the mandate and at least limited funds to assist in health.

A happy union of the two is indispensable. By "union," I refer to the establishment, in effect, of a unified pool of career medical experts who could serve not in one agency, but in all agencies with health activities—the Peace Corps, AID, NIH, other units of the Public Health Service, Defense Department programs overseas, and so forth. They would rotate as the needs of the Nation and as their professional interests made advisable.

Some small progress has been made toward this goal. But it has been "too little and too slow."

AID and the State Department need not surrender in the slightest their basic obligations for policymaking and policy supervision. But they should not try to do, in day-to-day technical management, what the so-called domestic U.S. agencies are far more competent to do.

Overseas health aid requires, in the final analysis, not only money, equipment, and other physical resources—it requires trained people. There is certainly not an unlimited number of American citizens with adequate training in public health type skills who are willing or able to take overseas assignments for 2 or 3 years at a time and who are effective in working with foreign nationals.

We need more such Americans and we need to make the best possible use of those we already have.

Similarly, we need to give every possible encouragement to the much larger number of American professionals, skilled in medical specialty services like surgery, ophthalmology, cardiology, neurology, and psychiatry, to accept temporary assignments with private organizations, to serve abroad. Survey after survey has shown that literally thousands of private M.D.'s are indeed willing to serve in developing countries for at least short periods. The necessary modus operandi for tapping this great talent must be worked out.

#### OUR ASSETS FOR OVERSEAS HEALTH

We can do so. We must do so. There is no reason why we should not do so. There is every reason why we should do so.

We have a great U.S. Public Health Service. We have a dedicated organization for foreign aid—AID. We have an outstanding multilateral organization—the World Health Organization—whose regional collaborator is the famed Pan American Health Organization. We have enormous interest among private professionals and laymen.

We have an American Council of Voluntary Agencies for Foreign Service, uniting the major religious and nonsectarian aid groups. And we have other outstanding assets to do the job.

The job must be done—not just in the teeming cities, with their crowded slums, but in the hinterland, in the countryside, in the jungles, in the mountains, in the tiny villages which have never seen a doctor or drunk clean water or been free from disease, infected flies or snails or mosquitoes or other carriers.

HELP NOT JUST TO "COMBAT COMMUNISM" BUT TO FULFILL OUR IDEALS

Finally, it is my hope that we will render technical assistance in health to a greater degree—not because we are concerned that the desperate native masses will turn to communism, but because it is morally and ethically sound that we do so.

No people has acted from greater humanitarian zeal than the American people. No nation in all of history has done more or wanted to do more to relieve human suffering than has our Nation.

We do so because it is in our nature, our character, our tradition; it is part of all of the religions by which we worship.

I serve notice, therefore, of my continued intention to help make certain that these objectives which I have expressed, time and time again, will receive appropriate attention by the Agency for International Development, by the Department of State and the U.S. Public Health Service.

#### FOREIGN AID NOW CONDITIONED ON PERFORMANCE

Mr. President, what kinds of conditions are now being agreed upon by the United States and the recipient governments, and how do these conditions work?

There are two categories of conditions. First, there are conditions based on the performance of an entire country, and applied to all aid programs and projects in that country. Second, there are conditions for specific programs or projects in a country, even where the country as a whole does not have to take certain agreed upon self-help steps.

Under the Charter of Punta del Este, which established the Alliance for Progress, every country in Latin America is committed to undertake certain self-help measures. It is explicitly recognized in the charter that U.S. assistance to Latin American development will be conditioned upon the necessary structural reforms and measures for the mobilization of internal resources on the part of recipient countries.

The recent United States-Brazilian agreement, which conditions further U.S. aid to Brazil upon the taking of certain steps by the Brazilian Government, was made in accordance with the charter. Under this agreement, which is the first of its kind, Brazil was to—

First. Increase revenue by reforming the tax system, as well as improve tax collection and administration.

Second. Reduce Government budgetary deficits by eliminating subsidies on wheat and petroleum, eliminating deficits on publicly owned enterprises including transportation and power systems, and curbing public pay increases.

Third. Control inflation by limiting the expansion of credit by the banks, by establishing better central banking machinery, and by appealing to unions and businesses to hold the line on wages and prices.

Fourth. Reduce the balance-of-payments deficit by establishing a realistic exchange rate and by adopting specific measures to increase exports.

Fifth. Stimulate economic growth by adopting measures to encourage outside private investment.

Sixth. Increase agricultural growth and productivity by seeking a broad program of agrarian reform.

In addition, it was understood that Brazil should arrange with the International Monetary Fund to defer payment on an IMF obligation, as well as secure a standby arrangement under which the IMF would make temporary credits available to offset Brazilian export losses. It was also understood that

Brazil would secure additional aid from other free world countries.

In several other cases development loans for Latin American countries have been made contingent upon acceptable arrangements with the International Monetary Fund for exchange rate reform and an economic stabilization program.

One example is the recent \$35 million development loan to Chile which is conditional upon a satisfactory stabilization program. The loan will be disbursed at a rate corresponding to the rate of Chile's budgetary performance. Better budgetary performance will speed up the rate of loan disbursement, and vice versa.

In some cases there is a condition that the borrowing nation secure aid from other donor nations before the United States will promise assistance. A stabilization loan for Egypt, and the consortia arrangements for Pakistan and India, and more recently for Turkey, are examples of this type of condition.

There are numerous examples of specific types of conditions required by the United States on development grant and development loan projects.

In one Middle East country the government undertook to reorganize the port administration, to establish separate organizations for the goods handling and customs functions, and to finance the timely completion of complementary requirements such as connecting roads. Management, organizational, financial, and budgetary arrangements for the port satisfactory to the United States were made conditions of an AID loan.

In another Middle East country, specific conditions were set forth in a U.S. loan made for the purchase of construction equipment. Because several government departments were involved, one condition of the loan was that a new central agency be established to handle the equipment. Employment of qualified foreign advisers and the establishment of an acceptable spare parts and maintenance system were other conditions of the loan.

A home savings program in a Latin American country requires that the U.S. contribution of \$7.5 million to the savings bank be matched, and that there be established a National Housing Institute to administer the program.

Conditions to insure repayment of U.S. loans, including government guarantees of loans to private or semipublic institutions, are common practice. In one such case, the United States insisted upon the financial reorganization of a truck company to open up prior mortgage bonds so that AID would be ratably insured, the sale of common stock rather than of senior convertible debentures as proposed by the company, establishment of a ratio of debt to net worth not to exceed 2 to 1, and a limitation on dividend payments.

A normal condition of cost sharing between the United States and a recipient country in a grant project is exemplified by a recent work relief project emphasizing rural reconstruction. Under this agreement, the United States provides surplus agricultural commodities for food, hand tools and equipment,

Soil Conservation Service specialists and junior level technicians, and the cooperating government guarantees the provision of cash wages for 60,000 workers.

Establishing conditions for aid is one thing; enforcing those conditions, especially when political considerations are involved, is another. Flexibility in enforcing foreign aid conditions is just as essential as flexibility in enforcing the conditions of a commercial contract. Up to a certain point, exigencies must be taken into account. The problem, of course, is knowing where to draw the line.

In agreements on conditions, especially those involving an entire country program, it would be a mistake to expect the line always to be drawn where it was marked out originally. But allowing for reasonable adjustments, it is reasonable to expect conditions to be carried out, as nearly as possible, as agreed upon. Otherwise agreements on conditions will not be taken seriously.

The difficulty in carrying out conditions while at the same time serving broader foreign policy interests can be seen in the case of Brazil. U.S. aid to Brazil is being held up at the moment because the Government of Brazil has not met the conditions agreed upon earlier this year. Since the Brazil-United States agreement was signed, the Brazilian Government has done little, in fact, to live up to its pledge. Inflation increased by more than 25 percent in the first half of 1963, and probably will increase by more than 50 percent before the end of the year. The Government of Brazil has loosened rather than tightened credit. The Brazilian budget deficit has gone up rather than down. Government pay raises, rather than being held to the announced 40 percent, have been increasing by 70 percent.

What happens next? From the standpoint of general foreign policy considerations, Brazil must not be allowed to flounder. If the enforcement of conditions on our aid program were predicted to have that effect, it would be very difficult to make the conditions stick. On the other hand, if the conditions are modified to the point of being substantially softened or virtually removed, it would be very difficult in the future to persuade any government to live up to its commitments. The answer may lie somewhere in between. But even if there should have to be some adjustments in the original agreements—and they certainly should be kept to a minimum—we will at least have made a start on establishing, together with the host government, performance standards for a country receiving U.S. assistance. This is one of the most encouraging improvements made in foreign aid since the new program was established in 1961.

#### EFFECTIVE FOREIGN AID—PEOPLE-TO-PEOPLE TECHNICAL ASSISTANCE

Mr. President, a key element of the U.S. foreign aid program is the technical assistance effort going forward in many emerging countries around the world. In some 21 countries technical assistance constitutes almost our entire foreign assistance effort. In other countries it is

carefully coordinated with other forms of assistance to insure that our help gets to the people.

In many countries a small number of devoted Americans are working among the people to transfer American know-how and skills. They are not living in luxury as is often charged. Rather, they are working side by side with the people of the developing countries getting a job done. It is a challenging, often frustrating profession.

These are people from the backbone of America—from Vermont, Indiana, California, from all over the United States. These are people with the kind of pioneering spirit which built America.

Because of them, and the rest of our aid effort, U.S. foreign assistance is reaching the people of the underdeveloped world. It is making a constructive impact.

The evidence of this impact is not often dramatic. Nevertheless, change is occurring at an increasingly rapid pace. For every constructive change in the traditional way of life that is visible, there are many others that are spreading more slowly but which will ultimately transform the society of the underdeveloped nations in the decades to come.

It is clear that if there is to be substantial development in these nations it will have to come from changes generated and accepted within the framework of their own societies. This is what self-help really means—not simply that we would like to have developing nations pay a fair share of the cost of development, but rather that we and they realize that lasting development must be built from within.

It is within this framework that U.S. technical assistance plays such a basic and vital role. Technical assistance helps the individual in an underdeveloped country to help himself and to help build his society. It enables the campesino, the peasant, the tribal farmer to adapt the technical know-how and expertise of the modern world to the realities and confines of his own primitive conditions.

Modern communications, independence, the education of a few native leaders are causing an awakening in the developing countries. In some places it is an emotional demand for modern social legislation or educational facilities; in other places it is a less articulate but no less pressing demand for improved health practices or for the right to own the land that the people work; in still other places—perhaps the majority—it is a slowly growing realization that things need not necessarily be as they have always been. This, for many, is the one dynamic new idea: That change is possible; that the pattern of life of the last 2,000 years need not be the pattern of life for the next 2,000 years.

American technical assistance is helping to insure that the changes which will inevitably occur in the developing countries are changes for the better; that all people share in the opportunity for a better life.

How effectively are we achieving this goal? Let me give you a few examples from one area of our foreign assistance



program—agriculture. These examples could be repeated many times in other areas such as public health and education.

In Nigeria, 170,000 farmers will be reached by AID assisted and trained extension workers in 1963. More than 100 Young Farmers Clubs with a total membership of more than 7,000 Nigerian youth have been organized under the guidance of a single AID technician.

In the Sudan, 325,000 people are being reached this year by agricultural extension programs sponsored by AID.

In South Korea, counterpart funded loans from members of the National Agricultural Cooperatives Federation provided more than 724,000 individual agricultural credit loans for crop production during 1962. Fifteen thousand loans were made to village cooperatives to assist in procurement of materials and marketing.

In Ghana last year, 180,000 farm families were reached directly by AID-sponsored agricultural extension farm programs. These programs included demonstrations and training in livestock development, vegetable production, construction and use of minor irrigation works, and the uses of fertilizer and pesticides.

In Turkey, 31,000 of the total of 40,000 rural communities will be reached this year by AID trained and assisted agriculture extension workers. In the last 2 years, 246,000 new acres of farm land have been prepared for irrigation. Almost 17,000 potential farm leaders from 3,500 villages have received water and soil conservation training under a program financed by Public Law 480 commodities.

In Chile, 215,000 farmers were reached last year by AID-sponsored extension activities. Twenty rural training centers are reaching 2,000 students each year in basic agricultural techniques.

In Taiwan, 80,000 agricultural credit loans were made last year under the sponsorship of AID-supported National Agricultural Cooperatives Federation; 637,000 farmers are benefiting directly from AID-generated farm and home economic extension work. More than 80 percent of farm families in Taiwan are now being reached by extension workers.

In Vietnam, in the midst of a shooting war, rapid strides are being made in increased agricultural production—300,000 people are being reached by extension work in basic agricultural techniques. A million and a half people have been reached by a plant production program designed to provide training and demonstration in the protection of plants and harvests from rodents and insects.

These specifics are impressive and I am afraid not very well known; but they are not unusual. They are typical of the way in which the U.S. foreign assistance effort is getting directly to the grassroots of the developing nations.

Our foreign aid program is effective; it is doing a job.

This is no time for us to slacken our efforts.

I urge that the Senate approve the Foreign Assistance Act as reported by the Foreign Relations Committee.

#### WHY DID AID NOT USE ALL ITS FISCAL YEAR 1963 ALLIANCE FUNDS?

Mr. President, development loans make up the major AID contribution to the Alliance for Progress. Over \$340 million in development loans was used in fiscal year 1963. Total commitments for development loans and grants were \$465 million.

It was and is impossible to state precisely the need for loan funds. The level of the Alliance lending program is contingent upon many factors. Most are beyond the control of the United States. The uncertainty stems from the fact that no lender, no bank, can predict the amount it will lend in the future and still remain a sound institution.

Based on the most careful analysis of the probabilities, AID has stated that it will need a minimum of \$550 million for new development loans and \$100 million for development grants this year. This amount is designed to meet the Latin American countries' increasing need for marginal external assistance as the Alliance progresses.

AID's commitment of development loan funds for the Alliance in fiscal year 1963 gives us a clear idea of how the program operates. Two years of Alliance experience back up the method, which has to meet two key U.S. objectives. These involve the assurance that the self-help and reform requirements of the Alliance must be met and, at the same time, the need to capture the confidence and imagination of the Latin American people.

AID, therefore, has acted on these principles: First, it has refused to commit or spend unless convinced that the outlay is clearly in the U.S. national interest, promoting development and freedom in Latin America; and, second, it has been prepared to offer assistance whenever a Latin American nation initiates the social and economic changes the Alliance calls for. On a per capita basis, countries like Chile, El Salvador, Colombia, and Panama received much more aid than did Paraguay or Haiti, for example.

In fiscal year 1963, aid was concentrated in the countries which performed. It was reduced or held up where self-help and reform efforts were shunned or lagging. You will recall that the United States spent almost nothing in Peru. Funding for Brazil and Argentina was much lower than expected. Brazil had not met her self-help commitments, nor had it reached the stage of political and, particularly, financial stability which would make worth while all of the lending which was previously estimated. Argentina's political problems prevented any clear focus on development.

This year, Peru's new constitutionally elected Government has put that hitherto politically stagnant country on the Alliance road to reform. Argentina has a constitutionally elected government and the prospects are good for stability after a year of turbulence. Further development opportunities are evident in Central America and Chile, among others.

AID's development lending operations, like those of a bank, depend a great deal on mutual confidence. The United States has not assumed the posture of a hardhearted lender. Congress has placed tight restrictions on AID loan procedures, however. The loans must reflect careful feasibility studies and a clear capacity for repayment. AID, therefore, has acquired many aspects of a full-fledged banking operation. It has, moreover, insisted that the Latin Americans live up to their own commitments on reforms. If we did not do so the money we lend would neither benefit the borrower nor further our Alliance objectives. On the other hand, to raise hopes and aspirations, to achieve worthwhile bootstrap efforts and then not be able to back them up with marginal external lending causes a loss of confidence among our Latin American neighbors and a sense of alienation from the Alliance.

Right now, today, finance minister and development experts from the Alliance countries are meeting in São Paulo, Brazil. This meeting of the Inter-American Economic and Social Council is devoted to an analysis of reform efforts, to methods for improving the administration of the Alliance, and to strengthen that spirit of mutual confidence which is the true revolution in this hemisphere over the past 3 years.

The democratic leaders in Latin America today count on us. At the very moment when they have gained confidence in us and are exposing themselves to grave political hazards in the firm expectation of timely and effective support from the United States, we must come through.

#### THE FOREIGN AID BILL HAS BEEN GREATLY IMPROVED BY THE SENATE

Mr. GRUENING. Mr. President, I wish to pay tribute to the majority leader [Mr. MANSFIELD] for the wise and skillful manner in which he handled the debate on the foreign aid authorization bill. The action of the Senate on this bill was tantamount to the Senate acting as a Committee of the Whole in working its will upon the bill. It was an operation which I hoped to avoid by supporting the motion to recommit. When that motion failed, there was no alternative but to rework the bill right here on the floor of the Senate.

That we have now done.

The guidance of the majority leader in that action was eminently successful and has now produced a bill which, in my opinion, is a much stronger bill than the one reported by the Senate Committee on Foreign Relations. In reporting, even that committee in its report expressed its dissatisfaction with the bill and the conduct of the program.

I would also express my appreciation and admiration for the work of the senior Senator from Oregon [Mr. MORSE] in leading the debate on the floor of the Senate during these past weeks to strengthen the bill and thereby, we hope, the foreign aid program. His skillful, learned presentation of each point in the debate is greatly to be admired. If, as a result of the action here on the floor in

strengthening the bill, the foreign aid program itself is strengthened, then the credit in no small measure must go to the senior Senator from Oregon. He astutely guided the perfecting and strengthening amendments to the bill through the shoals of opposition—opposition which, I must say, at times was blind opposition to any change whatsoever, however meritorious and justified that change might be.

Mr. President, it is my intention to vote in favor of final passage of H.R. 7885 as amended.

The cuts in the amounts authorized were relatively unimportant. It is my firm belief, Mr. President, that if action by the Congress a few years back had kept the lid on the ever-increasing authorization for our foreign aid program that program today would be in a much stronger position and would not have aroused the criticism of the people of the United States from coast to coast. If the AID administrators had been forced to count their pennies rather than their millions, they would have put the U.S. dollars where they would do the most good. The program needs greatly to supplant largess with frugality and omniscient presence with selective leadership where it counts the most.

Two amendments which I offered have been adopted and are included in the bill.

One amendment deals with withholding all aid—except the Peace Corps and Fulbright educational grants—from nations found by the President to be aggressors or preparing for aggression. This amendment should not have been necessary. For years now either the Senate has adopted "sense of the Congress" resolutions or Members have taken the floor to denounce this or that aggressor nation squandering our money to prepare to engage in aggression. But these warning signs of a rising tide of opinion on the part of the people of the United States have gone unheeded by this and past administrations. And now the Congress has acted with clarity in setting forth the guidelines of how it expects the foreign aid program to operate.

The second amendment relates to military aid to Latin American countries. This too is an amendment which should not have been necessary. There have been plenty of hints in the Congress during the past years which should have given the military program administrators clear indication that the policies they were pursuing in giving military assistance to each and every Latin American country did not follow the wishes of the Congress. However, those hints—and even some of the restrictions written into foreign assistance program authorizations—went unheeded. So, finally, there was no recourse but to write the restriction into the bill this year.

Many other amendments offered by other Senators have been adopted and should result in a much stronger bill.

Will it result in a much stronger foreign aid program? That remains to be seen.

Congress can but set down broad general guidelines describing the type of

program it is willing to support. It is now up to the administrators of that program to adhere to those guidelines and steer the foreign aid program in that direction. And to those administrators I will give this one bit of advice: I for one—and I am certain there will be others—will be watching the administration of the foreign aid program closely in the months ahead to see to it that the congressional administrations are heeded. And I for one—and here, too, I know that I will be joined by many of my colleagues—will not hesitate to fight for stronger action if these warnings go unheeded.

In that connection I would point out one fact dealing with interest rates on development loans.

On November 8 I called up my amendment to increase rates of interest on development loans to the amount paid by the United States to borrow money. That amendment was defeated by the vote of 30 to 44.

On November 13 the Senate rejected a second amendment raising the interest rate to 2 percent. That amendment was rejected by a vote of 41 to 47.

The point I make in this admonition to the administrators of the AID program is just this: There are at least 41 Senators who are dissatisfied with the custom of granting development loans at three-fourths of 1 percent interest. They want it raised to at least 2 percent. So when the foreign aid authorization bill for fiscal year 1965 comes before the Senate not many months from now there will be many of us who will be watching to see whether the minimum written into the fiscal year 1964 authorization has become the maximum. If so I am certain they will be willing to join with me in an attempt once again to make these real loans rather than combined loans and grants.

Mr. President, much has been written and spoken in the past weeks about the role of the U.S. Senate in the realm of foreign policy. Much of what has been written has been hastily conceived and not thought through.

Now every foreign aid authorization bill has contained restrictions on and directives to the Executive in administering the foreign aid program. If this were not so, the foreign aid authorization bill could be expressed in a single paragraph such as the following:

There is hereby authorized to be appropriated the sum of \$— for the fiscal year — to be used for carrying out a foreign aid program.

Some who have spoken and written on the role of the Senate seem to set such a wide open authorization as their goal.

With the advent of the AID program as an instrumentality of U.S. foreign policy, the Congress—which alone can appropriate funds—has become—whether it wants to or not—truly enmeshed in foreign policy determinations. These can be of a positive or negative type. Negatively by continuing to appropriate funds for ongoing programs the Congress acquiesces in the policies being pursued; positively by writing into the authorization bill certain directives and limitations.

Actually—upon analysis—those who have been critical of some of the directives written into the bill worked on in the Senate are critical because of the content of the directives rather than because they believed that Congress should hand the administration a blank check in the field of foreign assistance. They have sought to cloak their criticisms under learned phrases about the Executive having a free hand in foreign policy determinations. They overlooked their own silence over the restrictions approved and recommended by the Senate Foreign Relations Committee.

There is nothing sacrosanct about the recommendations of that committee. They are still only recommendations of that committee. They are still only recommendations to be accepted, rejected or amended by the Senate and the other body.

That is precisely what the Senate has been doing these past weeks—accepting, rejecting, or amending the recommendations of its Foreign Relations Committee. That is its duty. For the Constitution states not only that the appropriating power lies with the Congress, but it contains the further limitation that:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law; and a regular statement of account of the receipts and expenditures of all public money shall be published from time to time.

During the course of the debate on the foreign aid bill—H.R. 7885—two proposals for changing the program have been advanced which should put all Members of Congress on the alert.

The repeated statements portending proposals to be put before the Congress bode ill for the retention of even the small amount of congressional control over the foreign aid program.

If this is the future "new look" of the program it is only more of the same.

The first proposal I expect to be advanced is that we should delegate to international organizations more and more of the conduct of our foreign aid program—with our money, of course. This trend I will also resist. The Congress should seek in more and more ways to regain control of the foreign aid program—control which it has in the past years weakly permitted to be taken from it. It is essential that this control be regained by the Congress. You will recall the action a few years back when the World Bank approved a large loan to Egypt for improving the Suez Canal at the very time when Egypt was refusing to adhere to its international commitments and permit free passage through the canal.

This lack of firm control over who, where, and how U.S. dollars are to be spent should not be transferred to international organizations. The siren's call of anonymity in foreign aid decisions should not be heeded. It is true that such anonymity dissipates blame for foreign aid fumbles. But more important, if we are building up the U.S. image in the countries aided, we should be there to take the credit when our foreign aid program proves to be a success.



Although I shall vote in favor of the final passage of the foreign aid authorization bill, because of the improving amendments which the Senate adopted, it should not be taken to mean that I am completely satisfied with the bill or will, without attempting further to improve the foreign aid program, docilely vote to approve whatever appropriations may be recommended by the Senate Appropriations Committee. On that point, I shall wait and see.

NEW EMPHASIS ON DEVELOPING PRIVATE ENTERPRISE THROUGH FOREIGN AID

Mr. HARTKE. Mr. President, in his foreign aid message to Congress last spring, President Kennedy declared:

The primary new initiative in this year's program relates to our increased efforts to encourage the investment of private capital in the underdeveloped countries.

Private investment is now being heavily stressed in our foreign aid program for four basic reasons.

First. The United States has a vital interest in encouraging private enterprise and initiative in countries receiving our assistance.

Second. Achievement of industrial and agricultural growth in the less-developed nations requires the development of technological and managerial skills in the private sector of their economies.

Third. Economic development of the less-developed countries cannot be achieved through Government assistance alone. There is not enough money in all the public treasuries to supply the needed capital. Foreign aid can provide some of the capital required for the first stages of development, but only through private enterprise can a country achieve eventual economic independence.

Public funds are, of course, still necessary for large public utility type projects, such as dams, transportation networks, and irrigation systems. These facilities, while essential to support the private sector, are often not attractive to private investors, especially in the less-developed countries. Moreover, Government funds are necessary to provide the social progress projects—the schools, for example, from which private companies must draw their educated managers and skilled laborers, as well as the public health facilities essential to a vigorous work force.

Finally, as foreign aid succeeds in helping countries to reach self-sustaining economic growth, private capital will take the place of Government aid. Private investment is therefore increasingly important not only to assist in the phase-out of Government aid but also to provide a continuing mutually beneficial economic relationship when aid has terminated.

Foreign aid draws on the resources of a broad segment of the private sector both at home and abroad. This is done in part through universities, cooperatives, savings and loan associations, credit unions, trade unions and similar organizations. Relationships with private business, United States and foreign are also very extensive. These relationships can be divided into three general

categories: First, procurement with foreign aid dollars; second, assistance to private U.S. business in locating and financing profitable investment opportunities in less-developed countries, and, third, strengthening the local foreign business community.

As part of a deliberate policy to tighten procurement procedures in order to protect U.S. balance of payments and to stimulate the U.S. economy, our foreign aid program is increasingly based on procurement of American goods and services. Of the \$2.4 billion committed during fiscal year 1963, \$1.9 billion or 80 percent will be spent in the United States.

This has had a dramatic impact on several major U.S. industries, particularly the chemical industry and the iron and steel industry. In 1960, 17 percent of the fertilizer financed by foreign aid came from the United States; in 1963 that percentage will be 97 percent.

In the first 9 months of 1963, for example, Chemical Week magazine reports that foreign aid funds financed \$34 million in exports of chemical products such as fertilizer, pesticides, and basic industrial chemicals.

Similarly, in iron and steel products in 1960, 11 percent came from U.S. mills while in 1963, 87 percent of such products came from the United States. At the present time more than one-half of all U.S. iron and steel exports are financed out of the foreign aid program.

Just in recent weeks, for example, there have been foreign aid orders for \$630,000 for steel billets to Pakistan from Bethlehem Steel, \$1.5 million for hot-rolled aluminum steel sheet to India from McLouth Steel, \$563,000 for coke tin plate to Taiwan from Wheeling Steel, and \$255,000 for steel wire rods to India from Colorado Fuel & Iron.

In addition to using 8 out of 10 foreign aid dollars for buying American goods, special efforts are now being made to increase the role of U.S. private investment in the development of less-developed countries.

First. There is a special program for finding and drawing the attention of private businessmen to investment opportunities in less developing countries. The first comprehensive listing and summarizing is now being made of investment opportunities identified in feasibility studies conducted since 1960.

Four countries have been selected as showcase nations for private investment—that is, specific target countries in which to demonstrate the contribution that private participation can make to economic development. The four countries selected are Colombia in Latin America, Pakistan in the Near East, Nigeria in Africa and Thailand in the Far East. These are all nations which are regarded as friendly toward private investment from the United States, and countries in which substantial economic progress can be anticipated in the near future.

In each country the U.S. Embassy and our foreign aid mission, together with the host governments, have selected a small number of industries of a priority nature that would be especially appro-

priate for private investment. After these opportunities have been identified, efforts are made to match them with potential U.S. investors. Full use is made of industrial and publications resources of the Department of Commerce, consultations with trade associations, banks, and management consulting firms, and ultimately direct contact with individual companies.

Second. Through the investment guarantee program approved by Congress, the U.S. Government pays up to 50 percent of the cost of over 50 surveys being undertaken by U.S. private businessmen to survey such investment opportunities as castor bean processing in Thailand, and manufacturing prestressed concrete in Argentina. Use of this special program has been increasing as more businessmen have learned of the availability of this form of assistance. Forty-five surveys were approved during the past year, and 28 more are now being processed.

Third. Between January 1, 1962, and June 30, 1963, 70 dollar and local currency loans to private business amounting to over \$70 million were approved. In September 1963, the largest Cooley loan was approved—\$17.5 million in Indian rupees to a private fertilizer company in India in which the California Chemical Co. and the International Minerals & Chemical Co. are major participants.

Fourth. Processing of specific risk investment guarantee contracts has been accelerated. There are now over \$1 billion of such insurance contracts outstanding.

The number of guarantees issued annually has jumped six times in the last 2 fiscal years—from \$53 million in fiscal 1960 to over \$300 million in 1962. It is estimated that the dollar volume in fiscal 1964 will exceed one-half billion dollars.

The geographic coverage of the program has also been enlarged—this year 8 additional less-developed countries have agreed to implement the program—bringing the total of participating nations to 57.

What does this protection mean to the U.S. investor? Let me cite one example. In 1960, the Pluswood Industries, of Oshkosh, Wis., made an investment in what was then the Belgian Congo. Political upheaval, along with foreign exchange difficulties, resulted in the firm's inability to transfer into dollars the Congolese francs received as interest on a \$200,000 loan. But since this investment was covered by a guarantee against inconvertibility of currency, the U.S. Government paid Pluswood over \$17,000 in American dollars for the Congolese francs. Thus, the investor received his money at once and in dollars. The U.S. Government then became the holder of the francs and subsequently was able to recover \$8,000 through selling the foreign currency after the restrictions on convertibility were relaxed.

Likewise, if a foreign government should expropriate the assets of a guaranteed investment without paying prompt, adequate, and fair compensation to the American owner, he would be paid

for his loss by the U.S. Government under the guarantee. Our Government would then step into the shoes of the former owner and acquire all his legal rights against the foreign government. If necessary, the U.S. Government can sue the foreign government before an international tribunal or arbitration commission to obtain reimbursement for the funds it had previously paid out to the American investor.

The confiscations of American businesses in Cuba by the Castro regime are only too familiar to us all. Although the guarantee program had been in existence in Cuba long before Castro's ascent to power, none of the U.S. companies operating there had taken advantage of the insurance against expropriation. The lesson was well learned through this sad experience, and since that time applications for investment guarantees have increased markedly. Presently pending are over 1,000 applications for investment guarantees amounting to more than \$4 billion.

In view of the unsettled conditions in the world today, the frequent talk about nationalization of foreign enterprises, and the newspaper articles on bombings by Communist rebels, one might expect that the Government must have paid out substantial amounts of money under these guarantees. Yet, amazingly enough, to date the only loss suffered by the Government is that one case I already mentioned, the Pluswood Co. in Oshkosh, Wis., where the net loss equaled about \$9,000. Thus, for over \$1 billion in insurance coverage, the U.S. Treasury has had to pay out only \$9,000 and that small outlay has been more than amply offset by the premiums collected on the policies—over \$12 million as of June 1963.

Although the program has been operating since 1948, no guaranteed investment has ever been nationalized by a foreign government and no guaranteed investment has yet been damaged by war, revolution, or insurrection. Of course, it is possible that in the future these events could occur and that is why the guarantees are available. But the Government has taken several steps to minimize the likelihood of their occurrence. Before the program may be instituted in any country, suitable arrangements must be made by the government of that nation to protect the interest of the United States. This generally takes the form of an international agreement in which the foreign government agrees to submit any disputes with the United States arising out of investment guarantee matters to international arbitration. In this manner, the foreign nation assumes both a legal and moral obligation to respect the rights of the American investor and his Government. At present, 57 less developed countries have signed these agreements and implemented the program.

Each individual investment must also receive the approval of the government of the host country before an investment guarantee is issued. As of June this year almost 700 applications for guarantees had received foreign government approval in nations throughout the free world.

I am pleased that the Foreign Relations Committee has approved the full administration request for increasing the ceiling on specific risk guarantees from \$1.3 to \$2.5 billion. This request also has been approved by the House.

I am also pleased that the Foreign Relations Committee rejected a provision in the House bill which would make an investment guarantee agreement a condition for aid. I agree with the committee's statement on page 14 of its report that such a provision would not accomplish the intended purpose of promoting U.S. investment. On the contrary, I think there is ample evidence, especially in Latin America, that such a provision would seriously jeopardize U.S. private investment. I hope our conferees will stand firm in conference on dropping this very unwise provision, which was adopted by the House after brief debate, and after being rejected in the House Foreign Affairs Committee.

Fifth. Guarantees involving \$30.9 million have been authorized to cover extended risks of U.S. private investments in self-liquidating pilot housing projects in Latin America. One nonhousing extended risk guarantee has been authorized to assist in the financing of an integrated petrochemical complex in Argentina involving five U.S. firms.

Sixth. There has been vigorous support of intermediate credit institutions. Since September 1951, over 1 billion in dollars and dollar equivalents of local currency has been lent to 85 institutions in 46 countries for relending by them to qualified private subborrowers in the fields of industry, housing, and agriculture.

In Colombia, for example, a dairy company has completed an investment survey and is proceeding with a joint venture to produce dairy products. A number of U.S. firms are considering partnership ventures in the fields of food processing, meatpacking, metalworking, lumber, and building materials.

In Nigeria, another major dairy company, with U.S. assistance, has committed itself to make a half million dollar investment to build a reconstituted milk plant in Lagos with Nigeria partners; it has applied for a U.S. political risk investment guaranty.

In Thailand, a joint venture between a U.S. cable and wire manufacturer and a local Thai firm is under active negotiation as a direct result of U.S. efforts. Our foreign aid officials also are working with a potential investor in an aluminum fabricating plant in Thailand.

In Pakistan, an investment proposal for a tire plant is now going forward, and investment survey grants have been approved for a carbon black plant, a machine tool operation, a pulp and paper manufacturing plant, a plastics firm, and a seafood processing venture.

What about the effect of these programs on our balance of payments? A recent survey of investments covered by specific risk guarantees showed that 88 percent of the investment was in the form of exports of U.S. goods—of equipment, materials, engineering—leaving an initial dollar outflow of 12 percent of the investment. In addition, we can ex-

pect not only a dollar return on these investments in the future, but also in increased exports of American components and equipment to supply these new factories.

A number of other measures are being taken by our Government toward improving the local climate for investment and stimulating the growth of local private enterprise. These include: Working with host governments to induce local changes and reforms in tax, tariff, monetary and agrarian policy; assisting in organizing and financing local investment centers, development institutions and productivity centers for identifying investment opportunities, bringing together local and foreign investments, training and assisting local businessmen in improving business administration; conducting feasibility studies to establish what investment opportunities exist by industry for particular countries; conducting a major participant training program to provide training, and the like. One good example is the school of business administration being established in Peru by U.S. experts, which the Peruvians themselves will later operate. This is the first graduate school of business administration in all of Latin America. It is a pioneering step toward developing the entrepreneurial and business skills which Latin Americans need in order to spur the growth of private business.

Through our foreign aid program we are attempting to spread by every possible means a wider knowledge in the developing countries of what modern responsible private business leadership can do to speed up economic development. In order for us to achieve the foreign aid goal of self-sustaining economic growth, we must strengthen the local private sector, including the role of U.S. industry, by applying basic American business principles—good pay for trained and productive workers; large volume sales on small net profit; mass production and mass consumption. The success of these principles in fostering economic growth, so amply demonstrated by our own economy, has also been demonstrated in recent years in the successful growth of the economies of Greece, Israel, Mexico, the Philippines and Taiwan.

In a sense, much of our foreign aid is like a consumer credit operation selling goods on time. Foreign aid is financing capital projects and investments which will help the countries receiving aid to become self-supporting and to repay their loans from us. After World War II, we provided substantial economic assistance to Western Europe and Japan. We no longer need to help those nations, and their booming economies now permit them to buy ever-increasing amounts of American goods. In the same way, our aid to the underdeveloped world, while helping to stimulate industrialization and the creation of a higher standard of living for millions of underprivileged people, can provide a rich new future market for American goods and investments.

Mr. SIMPSON. Mr. President, this year, at long last, I have seen an attempt by a few Senators to express the will and the desires of the American people who are tired of seeing their money wasted



on needless foreign aid programs. I want to take this opportunity to commend the gallant effort that Senator WAYNE MORSE is carrying on in his effort to bring commonsense to our foreign aid program. Many of us are here supporting him but few have shown the spirit and the courage that has been demonstrated by this American. I am proud to associate myself with him in this fight against this excessive authorization for foreign aid. Many Americans have wanted to phase out and eliminate our foreign aid program. At long last the Senate of the United States has had a few Members who have shown the courage to rise up and fight the big spenders of Washington who give away our money. I hope that this fight which is being made by a group of Senators is the beginning of the end for the days of the free spenders who have dominated the Washington scene for many years. Let us bring commonsense back to Government.

It is patent that the Americans have lost their patience with the big spenders who insist upon giving away millions of our taxpayers' dollars for programs that are poorly administered and lack realistic or practical effects beneficial to the citizens of the countries receiving the huge sums of money.

I have voted for all the amendments which would bring order out of the chaos and the confusion that exists in our current foreign aid program. I voted for the so-called powerhouse amendment with full realization that the cuts authorized in that amendment were totally inadequate and insufficient if a realistic and effective program were to be adopted. The need for foreign aid today bears no resemblance in either cause or effect to the justification of foreign aid in the late 1940's and early 1950's.

The debate which has taken place on this floor in the past 2 weeks has conclusively shown one thing to be a fact and that is: We cannot buy friendship. In administering our foreign aid program we have given money to Communist countries and to neutral countries which have not been friendly toward us, but, in fact, have denied us when the chips were down.

We have doled out since the inception of our foreign aid program \$104 billion. Some of this money has been constructively used to stimulate and develop economies of countries which were wrecked because of the war. We have assisted many peoples and have alleviated much suffering. But times have changed. We are no longer living in the 1940's and 1950's. This is 1963. I ask the advocates to admit to changing times and realize that because a program was successful in 1948 does not mean that it is good today. We have tried to convince ourselves that we are buying friendship, but friendship cannot be purchased.

We have attempted to establish strong governments through our foreign aid gifts and yet because our foreign aid program has been mismanaged, the governments we have attempted to establish have been mismanaged. Governments we have financed have been destroyed and taken over by other persons alien to

our causes or persons who are eager to benefit personally from our foreign aid programs.

Over \$2½ billion, American taxpayer's money, has gone to the Communist government of Yugoslavia headed by an avowed Communist, Marshall Tito. What have we done in that country with our money? We have not purchased a friend. We have not wooed the country from the Communist bloc. We have not brought freedom to its people. We have done nothing but pour \$2½ billion down the rathole.

Our Treasury gates have been left wide open with the big spenders shoveling our American money to countries which will never make the needed reforms. The welfare of the United States demands that we stop this shocking waste and the inefficient policies of our foreign aid program. We need to phase out this program. Steps must be taken to do that in the immediate future. The debate here on the Senate floor resembles a gigantic auction sale. We have been selling to the most persuasive bidder U.S. tax dollars. A few patriotic Senators have been attempting to stop the outflow of our taxpayers' money. In order to stop the flow they must compromise with the administration's spokesmen. We have been compromising with the property rights of the American taxpayers. It is their money which has been the subject matter of the great compromise.

Today America is faced with some serious problems of its own. We have an unemployment problem. Our economy is not growing at a rapid enough rate. Our balance of payments is creating a serious threat to our solvency. Our gold outflow is at a precarious level. Let us face our home problems with all our energies, talents, and resources. Do not forget that this Nation is faced with crises which need to be handled today. Generosity is a wonderful thing and I believe that we should give a helping hand when assistance is needed, but charity begins at home and our talents and resources are needed here.

We had better use our talents and resources here in the United States so that we may develop a country which is strong economically and militarily. We need to protect our own interests. We must not let the State Department dictate economic conditions under which this country must operate in order to favor a foreign country. We must not try to buy friendship. We must not let countries import great quantities of materials into this country in a vain effort to win their friendship. Let us not use huge sums of American taxpayers' moneys to build giant steel mills and other industries in foreign countries which then turn around and import goods into this country, thus creating a greater unemployment problem for our own people. The unemployment problem is bad. I think it deserves immediate attention. We must take the shackles off our own industry if we are going to solve our own unemployment problem. I do not feel that the way to help ourselves in this area is to create great industries abroad which can com-

pete from a preferential position with our own people.

We are the United States of America. Let us keep our perspective. Let us maintain our Republic. We must protect our own interests if we are to gain the leadership of the world. Until very recent years we were the envy of all Nations. But, recently we have not lived up to our commitments. We have appeased our enemies. We have shown weakness when strength was needed. We were the envy of the world because we had an industrial country which could compete and withstand the pressure of the whole world. We were militarily strong. We had a people who were devoutly religious with a faith in their God and confidence in themselves and in their Government. And now look at us. We are now looked down upon by the peoples of the world because they look at a government which is inconsistent and does not have a program or an objective.

We have been abused by those people we have financed. We are ridiculed the world over because we attempt to buy friendships which are not for sale. Let us be realistic about foreign aid. Let us put our resources to building a country and a Nation which can once again aspire to a position that is respected and envied the world over.

#### FOREIGN AID—A SOUND INVESTMENT

Mr. HUMPHREY. Mr. President, before the final vote on the foreign aid bill, I would like to offer a few final comments. I would like to comment on the bill itself, but more importantly on the treatment of the aid bill in the Senate this year and on the future of the foreign aid program.

The present situation is indeed paradoxical. All things considered, the present foreign aid program is the best-administered program we have had since the Marshall plan. Following the enactment of the Act for International Development in 1961, the whole program was reorganized. It was placed on a regional basis, with a regional administrator directing and coordinating all aid activities in one area. New personnel were recruited. An experienced, knowledgeable aid administrator was appointed from the ranks of the President's closest collaborators. In general, this has left us today with an aid organization that is better tooled to do the job than has been the case in years. And yet, paradoxically, this is the very time Congress has heaped criticism on this program.

Why this assault on the aid bill this year? It should be clear by now from the debate in the Senate that the foreign aid bill this year has become a lightning rod for every frustration suffered by any Senator. If a Congressman or Senator is unhappy about continued high unemployment, he may give vent to his dissatisfaction by attacking the foreign aid program. If he is dissatisfied with the inadequacy of the public works program in his State or district, he may attack the aid program. If he is disappointed over the failure of the Congress to pass a tax bill or a civil

rights bill, his frustration spills over on the foreign aid program. If he believes the administration has pushed too hard in the field of civil rights, a healthy slap at foreign aid may serve to remind the administration of congressional power. In short, the aid program is fair game for attacks from any source for any reason.

The actions of Congress these past weeks also indicate a growing frustration with the heavy burden of the cold war. The foreign aid burden continues after 15 years—and there is little prospect that it will disappear, because there is little prospect that the cold war will disappear.

Again we are confronted with a strange and disturbing paradox. At the very time we finally appear to be winning the cold war, we seem to be doubting our own strength. At the very time the Communists finally seem to be giving way and pulling back, we also seem to be giving way and pulling back.

The Communists are having trouble with their economy. They are cutting back on their foreign aid program because they do not have the necessary resources. What a great opportunity this provides the United States and the rest of the free world. Now is not the time to retrench. Now is the time to use our own economic resources and the fruits of our \$600 billion national income for a great foreign aid offensive.

Now is the time for mobilizing all the resources at our command—public and private—yes, above all, bringing into our overseas economic and technical assistance programs the private economy of the United States—we must put to work all private enterprise resources.

Now is the time for faith in ourselves, and confidence that the future belongs to freemen.

As the Soviet Union cuts back on its commitments we should move ahead. Look at the way the Germans are moving ahead all over the world. Some of the largest investments in the underdeveloped world are being made by the Federal Republic of Germany, many of them in some of the most apparently unsettled countries, such as the Congo, Korea, and Brazil.

The same is true of the French Government, which is expanding its foreign aid program.

Or look at the example of the British, who are preparing to launch an even larger foreign aid program at the very time we are reducing ours. How paradoxical.

It strikes me as just a bit strange that at the very time when our example is beginning to catch hold, we find ourselves talking about cuts. This is like cutting back on production just as the new models begin to catch on, and sales have started booming.

Unfortunately, foreign aid does not always achieve quick results. If we have learned anything in the last 15 years, it is that the development of less-developed countries requires determination—dogged determination. The way is often hard. Results are not always readily apparent. Change is stubbornly slow. There are many disappointments and defeats. Mistakes are made. Errors are

committed. Doubt sets in, and discouragement grows.

Then, suddenly, a sense of despair seems to grip the mind. Doubts become fears, and hopes are overcome by questions. Can foreign aid ever work? Are there any solutions to the problems of development? Would we be better off to abolish the existing foreign aid program and start all over again?

Many are worried, and rightly so, about our balance of payments. But why take it out on foreign aid, which contributes less to the balance-of-payments deficit than the cumulative spending of American tourists overseas, in fact only half as much?

Others are justifiably worried about restrictions placed by other countries on American exports. But why make foreign aid the whipping boy when 8 out of every 10 foreign aid dollars are spent on exporting U.S. goods and services?

Why kick foreign aid, when major U.S. industries are benefiting materially from export sales financed by foreign aid dollars—when one-fourth of the exports of U.S. iron and steel companies, one-third of U.S. fertilizer exports and almost one-fourth of U.S. railroad equipment, for example, are paid for by foreign aid?

Some are increasingly concerned, with good reason, about the future of constitutional government in countries struggling toward political democracy. But why should the foreign aid program as a whole suffer because of particular problems encountered along the way?

Others are troubled by the climate for American investment overseas and the effect of development in other countries on our own economic strength. But why should foreign aid be blamed for our economic distress and dislocation, or for the state of our international trade?

Foreign aid has its problems, and they must be faced realistically and resolutely. But foreign aid should not become the catharsis for all the ills of the world, nor made the scapegoat for accumulated anxieties.

No undertaking in the history of the human race has posed a greater challenge than the foreign aid program. The wonder is that we have made any progress during the brief time the program has been in operation. It has been almost a thousand years since the Magna Carta, and we are still struggling with basic questions of democratic government. Yet scarcely more than 10 years since the launching of one of history's greatest human undertakings there is impatience with its progress.

Life magazine, in a recent editorial on the Alliance for Progress entitled "The Latin Sky is Brighter," commented that the goals of the Alliance "are nothing less than to raise the incomes, diversify and integrate the economies, reform the tax and land structures, improve the health, housing and schooling, and enlarge the freedom of 200 million people in the next 8 years. Unlike the Marshall plan, which rebuilt a damaged but going concern, the Alliance aims to shape a society and an economy that have not existed before."

Impatience is sometimes a virtue, and complacency a sin. But it takes 21 years

before we even consider a human being mature enough to shoulder individual responsibility, and the Alliance, as the Life editorial says, involves nothing less than the building of a new society and a new economic system. Even in the space age, where time has been compressed beyond belief, it is foolish to expect such a gigantic task to be accomplished overnight. Ten years may seem to us like a long time. But measured by history, and by the time required to change whole societies, 10 years is but a beginning. The Alliance was never meant to be completed in 10 years. It was meant to be well underway within 10 years. Yet there are those who are saying after only 2 years have passed since it was created that the Alliance cannot succeed. Truly it could not succeed if this attitude were to prevail. It is succeeding, and I am convinced that it will succeed, but only if we give it our full and continued support now and in the years ahead.

Arnold Toynbee has said that this age will be remembered not as the atomic age or even as the space age. It will be remembered as the age in which one-third of the human race banded together to help the other two-thirds. Being mortal and finite, being bounded in our understanding and in our perspective, we have difficulty comprehending the historical significance of the momentous events of our day and generation. We act by faith, reason, and conviction, without knowing the consequences. We can see back, but we can only look ahead. We can peer into the future, and try to take the road which leads in the right direction. But we commit an act of faith, in ourselves and in human destiny, whenever we choose one way in preference to another.

There are many who look upon foreign aid as the wrong course to follow. Some look back in sorrow, and some in anger, at the mistakes made in the name of foreign aid in the past. Each of us, I suppose, might run the foreign aid program differently if we were in charge. And each of us wonders, when the roll is called, whether our faith in the foreign aid program, if faith we have, will be justified by the future. We see through a glass darkly. But unless we have faith in ourselves and the future; unless we can translate past success into future action, we will forfeit one of history's greatest opportunities for human good and advancement.

Some day, if we live long enough, we will celebrate the success of the Alliance for Progress and of the entire foreign aid program, just as we celebrate now the great success of the Marshall plan. I hope I am around then, not to say "I told you so," but to celebrate one of the greatest victories in human history. I may allow myself one small pleasure—the pleasure of reading back one of these debates, and comparing what was said with what happened.

We have heard one Senator say here on the floor of the Senate, "If I believe the expenditure of this amount of money would stop the spread of communism, I would support it. But in the light of history, how can any Senator rise on this



floor and say it will stop communism?" We have heard another Senator say that foreign aid "is the road to bankruptcy, and not a very long road at that."

Someday I want to read back over what is being said on this bill. I want to amuse myself, as well as to console myself, just as I have with the statements I have just quoted from the Senate debate on the Marshall plan in 1948. I want to rejoice then, as I do now, that the prophets of doom were wrong, utterly wrong, in predicting such dire consequences for foreign aid; in saying it would never work. The Marshall plan was a key weapon in the defense of Europe against communism. And rather than bankrupting the United States, the Marshall plan created vast new markets for American business, and now has enabled Europe to join the United States in helping the less developed countries.

The Marshall plan had its legion of critics. But these are always with us. I sometimes wonder how the American Constitution was ever adopted. It passed the New York Convention by only one vote and was ratified by a bare margin in Virginia. How could so many virtuous and intelligent men have been wrong in 1789, and in 1948? History has not treated them kindly. Events have not borne out their fears and misgivings. In the cold light of history they stand convicted of being wrong, however sincere and well motivated they were at the time.

I think it is important for us to bear in mind some of the remarkable improvements which have been made in the foreign aid program during the past 2 years, together with some of the accomplishments which are beginning to be seen. Unlike the Marshall plan, of course, foreign aid to the less developed nations is a much longer, slower process. It has taken more than 10 years to evaluate the success of the Marshall plan, and it will take considerably longer before the results of our assistance to the less developed nations can be appraised.

I shall not attempt to recite all of the successes we have gained in recent years. Almost every day there is news of some new achievement. Just the other day I learned about a remarkable example of the progress we are making. In India, which is receiving more American assistance and more assistance from other free world countries than any of the less developed countries, the rate of industrial production increased from 6.4 to 8 percent during the year ending March 1963. Some of the increases in Indian production are particularly amazing. The production of aluminum, for example, increased from 20,000 tons to 43,000 tons, more than doubling during the year. The output of machine tools, an industry so essential for industrial development, expanded by more than 50 percent during the year. The production of nitrogenous fertilizers, without which the Indians cannot achieve vitally needed agricultural output, increased by 40 percent. These startling statistics are one measure, among many, of the strides in the underdeveloped world being made possible by the combination of local initiative and American help.

There are countless other examples of the successes being achieved in the less-developed countries with our help. You could write a shelf full of books on the technical assistance achievements made possible through U.S. aid, or on the advances made in public administration, taxation, and business administration. Countless other examples could be cited in the field of cooperatives, in which I have taken a special interest; in the development of private enterprise through the extension of credit; or in the development of agriculture through a combination of technical assistance and agricultural credit.

Many stories could be told about the great achievements in the fields of health and education. One of the most dramatic of these is the story of malaria eradication. During recent years the number of cases of malaria in the world has been cut from 350 million to less than 100 million. In some countries malaria has been eliminated altogether, freeing millions of people for more productive lives. This is not only a great human achievement. It is a great step toward developing the economic potential of countries burdened with sickness and disease. In several areas of India, for example, the return on money invested in controlling malaria has been about 50 to 1 in increased industrial production, resulting in an increase in the Indian gross national product of some \$500 million each year. In one rich region in northern India the elimination of malaria increased the area of cultivated land by 400 percent and the production of food grains by 130 percent.

In terms of overall economic success, a recent analysis of 41 countries which have received more than \$300 million in American assistance since the beginning of the program, or, in the case of countries of less than 10 million which have received at least \$30 per person, reveals that 33 have achieved substantial economic growth of at least 1.5 percent per capita in increased income per year for the last 5 years. Fourteen of these countries have achieved complete self-sufficiency, while another 11 have reached the point of adequate self-sufficiency with less than 20 percent of their total investment presently being covered by foreign aid. In all 24 of the countries which have achieved both substantial economic growth and adequate self-sufficiency, democratic political institutions have also been strengthened.

Another overall measure of the success of our foreign aid program is the increase in our trade with countries receiving our assistance. U.S. exports to Marshall plan countries more than doubled from 1953 to 1962. Our exports to Japan have more than tripled since 1950. In 32 countries receiving 80 percent of U.S. aid between 1957 and 1962, imports from the United States have increased four times as fast as U.S. economic aid. There are many reasons why foreign aid is in our interest. One of these is the contribution foreign aid makes toward promoting trade. The less-developed world is potentially a vast market for American goods and services. Through foreign aid American business

can achieve new opportunities for commercial relations with countries which can become good customers in the future.

We all know that besides promoting more and better trade between the less-developed countries and our own, the foreign aid program is also having an increasingly beneficial effect on the American economy. Eighty percent of all procurement now consists of American goods and services, and much of the remaining 20 percent eventually comes back home. Almost every State in the Union is now beginning to experience the good effects of aid contracts.

In addition to the direct benefit of sales, aid-financed U.S. procurement is also providing the opportunity for U.S. business to gain experience in world trade. Many contracts are being let to businesses which have never before had any experience, or have had very little experience, in selling overseas. Through foreign aid contracts American businessmen are learning the ropes and acquiring the skills necessary for selling through regular commercial channels in the future. As trade replaces aid in the years to come, these skills, techniques and business contacts will prove invaluable in enabling the American businessman to take his rightful place in the world market.

There have also been great improvements in the organization and administration of foreign aid in the last several years. The whole program has been reshaped according to the new directions established by Congress in the Foreign Assistance Act of 1961. These include emphasis on long-term development projects within the framework of general development plans, increased efforts to boost the contributions of other donor nations, emphasis on self-help and reform, and greater concentration and selectivity. As the committee report states, there has been considerable progress in these respects. Eighty percent of all U.S. economic assistance is now going to 20 countries. Eighty percent of all military assistance is going to 10 countries.

Foreign aid is also becoming more selective as a result of better planning and programing, both by our Government and by recipient governments. For years, one of the greatest weaknesses of the aid program has been the lack of a comprehensive U.S. approach to the problems of a country, as well as the lack of planning by the countries being aided. Until recently, most aid has been given on a project-by-project basis. There was very little intensive and systematic analysis of the situation in each country, together with analysis of ways in which the United States could most effectively assist with development of the country. The procedure now being used by our aid officials is a great improvement over the old system. Careful studies are made of each country, and comprehensive plans are set forth to maximize the effectiveness of U.S. assistance. Except where urgent political considerations are involved, aid is given according to development priorities established for each country. Careful studies are made of a country's progress in order to make sure

that U.S. aid is achieving maximum results, and that the country is undertaking satisfactory self-help measures.

We are now also encouraging and helping countries to study their problems and to formulate their own development plans.

In the case of the Alliance for Progress, every Latin American country is required to submit development plans to an expert committee of the Organization of American States for review and recommendation.

Another way in which greater selectivity has recently been introduced into our foreign aid program is through agreements on conditions or requirements which must be met before aid is forthcoming. We labored for many years under the mistaken assumption that such conditions or strings on aid constituted interference in the domestic affairs of other countries, and therefore, were wrong. By contrast, it is now recognized that in order for U.S. assistance to be effective, agreement has to be effective, agreement has to be reached between the United States and the recipient country on conditions which must be met before aid can be made available.

Many of these changes were long overdue, and many others remain to be made. But there has been remarkable progress.

Despite the outcry in Congress, I am convinced that there is substantial support in the electorate for foreign aid.

Support for foreign aid is strong, and growing stronger, in one of the most important groups in American life—American businessmen. A recent study of 1,500 prominent businessmen by the Research Institute of America disclosed that the great majority of American business leaders consider foreign aid essential for promoting a self-supporting and prosperous community of free nations. These findings as reported in the General Electric Forum, were hailed as "revolutionary in their significance"—and they are. They signify not only the end of economic and political isolation in the American business community, but also the existence of a new consensus concerning the responsibilities of the United States as the leader of the free world.

#### RECOMMENDATIONS FOR CHANGES AND IMPROVEMENTS IN THE FOREIGN AID PROGRAM

Before closing, I would like to make several comments about the redirection of the aid program during the next year. The report of the Senate Foreign Relations Committee has already recommended a further concentration of the program and acceleration of the trend toward multilateralizing the aid program. I would like to concur with and to go beyond the committee's comments.

If the discussion in the Senate this year has revealed anything, it has shown that the Congress is not prepared to finance a farflung, multifaceted aid program forever in every area of the world. The time has come to make a sharper distinction between some areas of the world and others and to translate this distinction into the machinery of the aid program.

The top priority in our aid program is and should be given to Latin America. The Alliance for Progress program should not be merely one of four regional programs in the same agency. It is different, and on the U.S. end alone entails a wide variety of capital development loans, economic loans, social development loans and grants, and technical assistance. The Alliance program in the U.S. Government should be more independent, should be more autonomous than it now is. Perhaps it should be a separate agency, like the Peace Corps. If this would pose too great a problem of coordination with the State Department, there should be some other steps taken to make the Alliance program more autonomous, independent, and visible.

While a large U.S. lending program will probably continue to be necessary under the Alliance for Progress, more of the capital development lending should be shifted to the Inter-American Bank and other international finance institutions.

In other areas of the world, such a multifarious, many-sided program is unnecessary. In the Far East, our military-oriented program should be gradually scaled down, just as our direct involvement in southeast Asia should be gradually curtailed.

In the Near East and parts of Asia like India and Pakistan, multilateral agencies can and should supply much of the capital needed for large-scale development. Increasing the role of the World Bank and IDA in promoting capital to countries like India, Pakistan, Iran, and Turkey can both provide the capital assistance needed and, at the same time, enlist greater participation on the part of our European allies on economic participation sorely needed.

In Africa we should encourage the Europeans to play the leading role in providing economic assistance. Our presence can be assured through provision of technical assistance, through the Peace Corps, the food-for-peace program, limited economic aid, and other forms of assistance. The limited capital assistance that we make available for Africa should be channeled, in part, through multilateral agencies, where it will be matched by European funds.

We ought to encourage multilateral, multinational, international banking structures to do more of the financing. We can ask for proper representation on the boards of these banks. We can ask that Americans be included in substantial numbers in the secretariat or the administrative structure, but we have to come to a recognition that direct bilateral arrangement in financing involves us in each country's trouble and is very, very costly. By putting our emphasis upon the multinational organization, we will be able to get the help of others in financing world development. Otherwise, we do most of it ourselves.

#### GREATER USE OF PRIVATE GROUPS AND OTHER GOVERNMENT AGENCIES

I would like to add one final suggestion for consideration by AID officials. This has come to me in response to remarks I have made upon the Alliance for Prog-

ress. The emphasis of the suggestion is that our aid should be channeled toward the building of free groups and private enterprise in the countries aided. To do this requires the mobilization of nongovernmental U.S. and international agencies.

Where the self-help of recipient nations is largely confined to public enterprise, U.S. foreign aid is creating "Frankensteins" which will eventually threaten, rather than contribute to, American security. Every dollar spent in a manner which encourages free groups and institutions is a step toward a world which is in harmony with American interests and ideals. This notion is in accord with Secretary Dean Rusk's demand for an active and affirmative policy of building the social economic and moral strength of independent nations so that they will have the capacity within themselves to throw off the virus of totalitarianism and pursue material objectives in a climate of expanding freedom. It would seem to be in accord with the present administrator's ideas. But what is needed is the practical application of this idea on a sufficient scale to assure its practical significance.

If nongovernment agencies are to be encouraged in countries which receive U.S. aid, this can be done effectively only in one way: by the channeling of U.S. aid to a large extent through nongovernment U.S. and international agencies and by the encouragement of the development and creation of such agencies among the nations receiving aid. This requires the enlistment for the U.S. aid program of a great variety of nongovernmental agencies, ranging from the great foundations such as Ford and Rockefeller to a multitude of small agencies concerned with health, education, community development and many other noneconomic activities. AID has recently made a contract with the National Association of Settlements which will help to encourage Urban Community Development in Venezuela to assist in community developments among people moving from the country into Caracas. Such contracts on a scale which helps to encourage several hundred of such groups every year in every country which receives aid is the dimension needed to restore U.S. foreign aid to the status it merits and which it needs to survive satisfactorily in the United States of America and abroad.

An approach to foreign aid keyed to such an objective on this scale would provide a substantial leverage effect for foreign aid funds given AID; it would help to mobilize local and international resources on a hitherto undreamed of scale; it would therefore help rapidly to reduce the funds which the United States has to contribute. It would bring about the involvement of the American people which is needed to rekindle their enthusiasm for the great and noble enterprise which American foreign aid has been in the past and can again become. This approach will remove most of the misgivings and create a national atmosphere in which the administration can again count on congressional support for its foreign aid program.



A change of emphasis and perspective of this kind which would place what has been a fringe activity into the center of AID's policy is not easy to achieve. It would probably require some drastic changes of organization and above all of procedures. Perhaps what is needed in the first instance is a committee composed chiefly of officers of AID, but including some outsiders from some of the other Government agencies in Washington as well as from both private business and other nongovernmental organizations such as some of the foundations to consider what changes of organization and procedure would help to increase rapidly the effective encouragement which AID can give both to the employment of United States and international nongovernmental institutions and enterprises for foreign aid on a large and increasing scale, as well as to the development and creation of such institutions and enterprises among people abroad receiving foreign aid.

It may not be necessary, Mr. President, to establish another committee. One of the problems is that we already have too many committees, and that we take too long to do what needs to be done. But the proposal itself, and others like it, is worth considering.

It should be clear by now to all concerned that some basic changes are going to have to be made in the foreign aid program in the very near future. One of the changes most urgently needed is the increased use of non-Government agencies, together with greater use by AID of other Government agencies and departments.

This was the purpose of the Humphrey amendment to the new Foreign Assistance Act of 1961, which was adopted and became part of section 621 of the act. My amendment, which I called the technical-services-for-peace amendment read as follows:

In providing technical assistance under this act in the field of education, health, housing, or agriculture the head of any such agency or such officer shall utilize, to the fullest extent practicable, the facilities and resources of the Federal agency or agencies with primary responsibilities for domestic programs in such field.

The Humphrey amendment called upon AID to utilize other agencies to the "fullest extent practicable" in carrying out the foreign aid program. My objective, as I said at the time, was to enlist the best personnel and the finest facilities available, not just in the U.S. Government itself, but in the entire country, in effectuating the purposes of the foreign aid program.

Rather than enlisting new personnel and building up a large new body of public servants, the foreign aid agency under my amendment, was directed to rely as much as possible on the expertise and staffs of the existing departments and agencies of the Government which had already developed competence in particular fields. For example, the Department of Agriculture has more competence in the field of conservation, land reform, and certain areas of agricultural redevelopment than any group of people that we could bring quickly into the agency. Therefore we should call upon

the Department and use its personnel facilities to the maximum extent practicable.

Another example is the Department of the Interior, which has specialists in many fields related to the economic development of the less-developed countries, such as erosion control, reclamation, and irrigation.

The U.S. Public Health Service is another example. It has the confidence of the American medical profession, and long experience with medical fields of importance to the less-developed countries. Under my amendment the foreign aid agency was directed to utilize the Public Health Service, including the National Institutes of Health, in carrying out vital programs in the international health field, which is so closely related to the goals of our foreign policy and of our foreign aid program.

In offering the amendment I did not intend to reduce the foreign aid agency to the status of a contracting office. The foreign aid program has to be operated under the direction of the Secretary of State and under the direct administration of the Administrator of AID. Nor was I proposing the establishment of separate foreign aid offices by any of the other departments or agencies of Government. My proposal was made with the recognition that all foreign aid activities of other Government agencies and departments should be conducted under the supervision and direction of the Department of State and the Agency for International Development.

In short, Mr. President, the Humphrey amendment of 1961 was designed to strengthen AID both by enabling the Agency to maintain as small a staff as possible, and to provide maximum resources for the foreign assistance program by making use of all available talent and facilities in the Government and throughout the country.

Section 621 has now been amended by the Senate to read as follows:

In providing technical assistance under this Act, the head of any such agency or such officer shall utilize, to the fullest extent practicable, goods and professional and other services from private enterprise on a contract basis. In such fields as education, health, housing, or agriculture, the facilities and resources of other Federal agencies shall be utilized when such facilities are particularly or uniquely suitable for technical assistance, are not competitive with private enterprise, and can be made available without interfering unduly with domestic programs.

I supported this additional language to my amendment of 1961 in order to make it crystal clear that Congress wants the foreign aid agency to make greater use of other Government agencies and of all available U.S. public groups and organizations in carrying out the foreign aid program.

As changes and improvements in the foreign aid program are considered, Mr. President, ways of implementing the desire of Congress to have greater use made of the full resources of the Government and of the great public organizations and private groups of this country must be given top priority.

It is essential for more of the foreign aid program to be carried out on contract with public and private groups and

organizations and on a reimbursable basis by other Government agencies. The Agency for International Development itself must become less of a line agency and more of a staff agency if the foreign aid program is going to become a more effective expression of American ideals and goals, and a better vehicle for applying American skills and knowledge to the problems faced by the less-developed countries.

This has been a long and difficult debate. It has produced mixed results, in my opinion, but I hope the final result will be a better foreign aid program.

There has been a great deal of criticism during the past 3 weeks. By and large this has been useful and constructive, as I am sure it was meant to be. I know that it will be received in a constructive manner by those responsible for administering the program.

But debate in the Senate is something like a family argument—it may give a misleading impression about the true state of affairs. Listening to the debates one might wonder how committed the Senate is, not just to the present foreign aid program, but to the whole concept of foreign aid. For this reason, I think it is important to end our deliberations with a clear affirmation.

Let it be made clear to all the world that the United States does not intend to abandon its foreign aid program.

The United States is deeply committed to the development of a free and prosperous community of nations.

The United States has supported foreign aid for 15 years as a vital instrument for bringing into being this free community of nations.

Let there also be no misunderstanding of the meaning of this debate in the Senate.

The Senate wants the foreign aid program to be improved, to be sharpened, to be made more effective; but the Senate is not turning its back on the foreign aid program. The Senate is attempting to criticize constructively, not for the purpose of tearing down, but in order to build a program which will better serve the great principles of freedom and progress for which it stands.

This, the building of a better foreign aid program, is the task before us as we turn from the mistakes and the achievements of the past to the challenge of the future. The critics have had their day. Now let us, critics and all, reaffirm our support for foreign aid, and unite in our determination to make it work.

Mr. President, I have a memorandum from the acting chief of staff of the Foreign Relations Committee setting forth the major amendments to the foreign aid bill—S. 1276—which were adopted by the Committee on Foreign Relations.

In addition to these amendments made by the committee, of course, other amendments have been adopted during debate on the floor.

The memorandum provides ample evidence of the great amount of care and attention given the foreign aid bill by the Committee on Foreign Relations. It also is a useful compendium of the action taken by the committee on policy questions affecting the foreign aid program.

I ask unanimous consent that the memorandum be printed at this point in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM TO SENATOR HUMPHREY FROM  
PAT HOLT

Set forth below are the major amendments to the administration's foreign aid bill (S. 1276) which were adopted by the Committee on Foreign Relations.

1. The following new paragraph was added to the statement of policy:

"It is the sense of the Congress that assistance authorized by this act should be extended to or withheld from the Government of South Vietnam, in the discretion of the President, to further the objectives of victory in the war against communism and the return to their homeland of Americans involved in that struggle."

The committee report states (p. 8):

"This new paragraph reflects the committee's conviction that stabilization of the political situation in Vietnam is of the utmost importance for winning the war against the Communist guerrillas. The committee takes note of the fact that there is still pending before it Senate Resolution 196 calling for discontinuance of aid to South Vietnam unless the Vietnamese Government puts needed reforms into effect. If the political situation in South Vietnam deteriorates further to the detriment of the war effort, the committee will be disposed to give further consideration to the more drastic steps called for by Senate Resolution 196."

2. A new subsection was added to section 201, relating to the Development Loan Fund, which reads as follows:

"No assistance shall be furnished under this title unless the President determines that the project for which such assistance is requested is taken into account in the economic development of the requesting country, including an analysis of current human and material resources, together with a projection of the ultimate objectives of the country, and specifically provides for appropriate participation by private enterprise."

According to the committee report (p. 8):

"The amendment is designed to insure that the projects for which development loans are made are directly relevant to economic development, and especially that such projects can be supported by the borrowing country's available human and material resources. The committee hopes through this amendment to avoid situations in which loans are made for projects beyond the technical and managerial capacities of the borrowing country."

"It is also the intention of this amendment to encourage the greatest feasible participation of private enterprise in such projects, where appropriate."

3. A new subsection (b) was added to section 241, relating to development research, which reads as follows:

"Funds made available to carry out this section may be used to conduct research into the problems of controlling population growth and to provide technical and other assistance to cooperating countries in carrying out programs of population control."

The committee report (p. 14) states:

"Because of the profound impact of population growth on economic development, the committee considers it appropriate to provide explicit authority for the conduct of research and technical assistance activities in this field. It is the view of the committee that population growth must be regarded as a critical factor in the development prospects of countries which receive development assistance from the United States."

"No less than general education and technical, administrative, and managerial com-

petence, the capacity of a country to maintain a reasonable balance between population and resources is a vital factor in its prospects for successful economic development. It is a well-known fact that in many less-developed countries rapid population growth has substantially or entirely negated the benefits of U.S. economic assistance. Even in some countries where economic growth has been impressive, per capita income levels have remained virtually stagnant as a result of mushrooming increases in population.

"Substantial progress has been made in recent years in defining the preconditions of economic growth. To a great extent our economic assistance has been refocused on those countries which have largely fulfilled these preconditions. The one vital criterion of successful development which has been neglected is that of population control. The purpose of the committee's amendment to title V of the act is to encourage research into appropriate measures to correct this omission."

4. With regard to your amendment relating to aid to Latin American cooperatives, the committee report (p. 17) states as follows:

"The committee has long been impressed with the constructive role which cooperatives can play, not only in promoting economic growth, but also in contributing to the democratic development contemplated by the Alliance for Progress. In order to give special emphasis to the importance which the committee assigns to the role of cooperatives, special provision is made in this bill for the use of certain foreign currencies available to the United States in Latin America to assist the cooperative movement."

"First, a new subsection is added to section 251 of the act, which contains the general authority for the Alliance for Progress. This new subsection provides that the President 'shall, when appropriate, assist in promoting the organization, implementation and growth of the cooperative movement in Latin America as a fundamental measure toward the strengthening of democratic institutions and practices and economic and social development under the Alliance for Progress.'

"Second, a new provision is inserted in section 253 of the act, which relates to Alliance for Progress fiscal provisions, to make foreign currencies available for this purpose. The foreign currencies involved are those which have accrued as a result of loans which are repayable in foreign currencies. Most of these loans were made by the development loan fund between 1958 and 1961. Since the latter date, all development loans have been repayable in dollars. However, as a result of earlier development loans, the United States now has about \$7 million in Latin American currencies. This amount is expected to increase, as a result of repayments, to about \$60 million over the next 5 years. The President is authorized to reserve up to \$25 million of these currencies in any fiscal year for loans to cooperatives. These funds will be available for this purpose without regard to section 612 of the act, or of any other act which makes foreign currencies available only as specified in appropriation acts."

"The foreign currencies to which this amendment applies can be used not only for loans to individual cooperatives but also to provide seed capital, should that prove desirable, to a central inter-American cooperative finance institution for relending."

5. A new section 254 was added to title VI, relating to the Alliance for Progress, which reads as follows:

"RESTRICTIONS ON ASSISTANCE.—None of the funds made available under authority of this Act may be used to furnish assistance to any country covered by this title in which the government has come to power

through the forcible overthrow of a prior government which has been chosen in free and democratic elections unless the President determines that withholding such assistance would be contrary to the national interest."

The committee's comments on this amendment (pp. 17-18) are as follows:

"The committee has been gravely concerned over the number of elected governments in Latin America which have been overthrown by force in recent months."

"The forcible overthrow of duly elected governments is a step entirely out of harmony with the principles of the inter-American system and of the Alliance for Progress. It is difficult to see how the economic and social goals of the Alliance can be achieved in the face of such political instability. Thus, assistance furnished to irregular governments is unlikely to accomplish the purposes of the Alliance for Progress."

"Furthermore, such assistance may very well encourage ambitious militaristic forces elsewhere in the hemisphere to believe that they too can carry out coups d'etat with impunity and continue to receive American aid and otherwise to participate in the Alliance for Progress. It is important that vigorous steps be taken to dispel this dangerous delusion. The Alliance for Progress is threatened from both left and right in Latin America. The United States has gone to considerable lengths to protect the Alliance from the threat from the left represented by Castroite subversion and infiltration. It is equally important that the Alliance be protected from the threat from the right represented by the forces of the ultraconservative traditional oligarchies."

"Finally, there is at stake here the credibility of the United States, whose ambassadors, speaking for this Government, have repeatedly warned Latin American military leaders that the United States would look with disapproval on the overthrow of constitutional governments. If our word is to be believed in the future, we must follow through on these warnings by concrete steps to express disapproval."

"For these reasons, the committee has adopted an amendment which prohibits any assistance under the Foreign Assistance Act to any country in the Alliance for Progress in which the government has come to power through the forcible overthrow of a prior government which has been chosen in free and democratic elections. There is an exception to this prohibition in cases in which the President determines that withholding assistance would be contrary to the national interest. This exception is included because the committee believes that the President should have flexibility in utilizing the foreign aid program as an instrument of American foreign policy. It is also included because, although the committee strongly disapproves of the overthrow of constitutional governments, the committee does not consider itself wise enough to foresee clearly every situation which may arise in the future."

6. The committee reduced from \$57.5 to \$50 million the limitation in the existing law (sec. 511(a)) on the total value of grant programs of defense articles for the American Republics. In addition, the committee bill authorizes the use of \$25 million to this amount for assistance to an international military force under the control of the Organization of American States."

The committee report states:

"Both of these changes are a reflection of the committee's growing concern over the scope and nature of the military assistance program in Latin America. In the past, the committee has sought to encourage the formation of an OAS military force which could perform peacekeeping functions in the hemisphere. The committee is aware of the problems involved in the organization of such a force, but it is disappointed that the



officials with responsibility in this area have not shown as much ingenuity in finding ways to bring such a force into being as they have in finding reasons why the proposal is impractical."

7. The committee adopted an amendment to section 601, relating to the encouragement of free enterprise and private participation, which directs the President to take appropriate steps to discourage nationalization, etc., of private investment and discriminatory or other actions which might impair the climate for new private investment.

The committee report (p. 27) states as follows:

"The main point involved here is that, aside from legal problems and questions of compensation, nationalization is unwise from a purely economic point of view if it diverts resources from other more productive purposes and if it results in discouragement of new private investment. The question of compensation for nationalized property is not directly related to this limited point and is dealt with in section 620(e) of the act.

"The law already contains many provisions emphasizing that the foreign assistance program should be administered as far as possible through normal commercial channels of trade and through private facilities. This is not only in keeping with traditional American methods, but as a general rule is both cheaper and more efficient. Particularly in the field of major engineering services, the committee hopes that AID will avail itself more of the services of private firms and will not try to build up its own engineering staff to the degree that would be required if all of AID's engineering work were done by AID personnel."

8. The committee amended section 612, which relates to the use of foreign currencies, to make these currencies available, in certain cases, for sale to U.S. citizens for travel or other purposes.

The committee report (p. 28) explains this amendment as follows:

"Foreign currencies accruing under Public Law 480 are already available for sale to American tourists under the provisions of section 104(s) of that law in appropriate circumstances. The amendment in this bill to section 612 of the Foreign Assistance Act will also make available foreign currencies accruing as a result of the foreign aid program. These foreign assistance currencies will be available, not only for tourists, but for other uses by U.S. citizens.

"The amendment applies only to those foreign currencies which are in excess of the needs of the U.S. Government and which are not prohibited from sale to U.S. citizens or committed to other uses by prior agreements with the other country concerned. The dollars received from the sale of these currencies will be deposited in the Treasury as miscellaneous receipts.

"To the extent that excess foreign currencies can be sold to U.S. citizens for dollars, to pay for the foreign travel or other activities of those citizens, the balance-of-payments position of the United States will be improved. This is the purpose of this amendment."

9. The committee approved an amendment to section 620(a) which prohibits assistance to the present Government of Cuba and to any country furnishing assistance to that Government.

The committee report (pp. 28-29) explains the new language as follows:

"The main purpose of the bill's amendment to section 620(a) is to deal with the problem of free world shipping in the Cuban trade. The bill prohibits assistance (except under sec. 214) to any country which, by failing to take such steps as are appropriate, permits ships or aircraft under its registry to carry to or from Cuba any military personnel, or any items of primary strategic signifi-

cance, the shipment of which is embargoed to the Communist bloc under title I of the Battle Act.

"Assistance is also prohibited if the country concerned, through failure to take appropriate steps, permits the carriage of any other equipment, materials, or commodities to or from Cuba, unless the President determines that the furnishing of assistance is important to the security of the United States and reports such determination to the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House.

"Countries receiving assistance have 60 days after the enactment of the Foreign Assistance Act of 1963 to take appropriate steps. The prohibition applies so long as Cuba is governed by the Castro regime or any other Communist regime, and the prohibitions may not be waived pursuant to any other authority or law. In the case of nonstrategic materials, the prohibition does not apply with respect to the fulfillment of firm commitments made by the United States prior to the date this bill becomes law. Neither does the prohibition apply to military sales which are made by the United States under the Foreign Assistance Act. These sales, mainly to Western Europe, amount to about \$1 billion a year, and are an important plus factor in the U.S. balance of payments.

"The committee regards this amendment as another step to isolate further the Castro regime in Cuba. Substantial progress has been made in this direction, but the committee is disappointed that a few countries continue to receive assistance from the United States while their ships continue to carry goods to and from Cuba, thereby lightening the burden which Cuba represents to the Soviet Union and contributing to the sustenance of the Castro regime."

10. The committee made several changes in the Hickenlooper amendment (sec. 620 (e)) which requires suspension of assistance in cases where American property has been expropriated without prompt and adequate compensation.

The committee report (pp. 29-30) explains these changes as follows:

"The existing law covers not only nationalization, expropriation, and seizure of ownership or control, but also discriminatory taxes, other exactions, and 'restrictive maintenance or operational conditions, which have the effect of' nationalization, expropriation, or seizure of control. This is broadened to include 'other actions' having the same effect.

"The committee has added the phrase 'other actions' because it has been concerned over recurring reports of actions which certain governments are either proposing or initiating and which can perhaps best be described as creeping expropriation. These other actions include, for example, unusually high taxes which are perhaps not discriminatory in a technical sense but which are tantamount to confiscation or which at least raise a serious question of their confiscatory effect. The committee intends for confiscation to be construed broadly and not in a narrow technical sense.

"The committee has also been concerned about the attitude which certain foreign governments have taken toward existing contracts with American companies, even though these contracts may have been negotiated several years ago in good faith by an earlier regime. To meet this problem the committee has added a new subparagraph which brings section 620(e) into play whenever a foreign government—'has taken steps to repudiate or nullify existing contracts or agreements with any United States citizen or any corporation, partnership, or association not less than 50 per centum beneficially owned by the United States citizens.'"

"Under the existing law, assistance is suspended when a country which has taken the actions described in the preceding para-

graphs fails to provide 'equitable and speedy compensation for such property in convertible foreign exchange.' This is changed so as to require 'speedy compensation for such property in convertible foreign exchange, equivalent to the full value thereof.'

"The bill also adds a provision which authorizes the Foreign Claims Settlement Commission, upon request of the President, to evaluate property which has been expropriated or subjected to other discriminatory actions and to make an advisory report to the President. The Commission is to act within 90 days of the President's request. Its advisory report is to be made available to the owner of the property, but is not to be otherwise published unless authorized by the President. Appropriations, as may be necessary, are authorized to enable the Commission to carry out this new function.

"In view of the injection of the Commission into the process, the provisions of the present law relating to the deadline for suspension of assistance are amended. The deadline is now 6 months after the expropriation or other discriminatory action. The bill retains this deadline, but provides that, in case the matter is referred to the Foreign Claims Settlement Commission, the deadline is to be 20 days after the report of the Commission is received. If the President does refer the matter to the Commission, he must do so soon enough so that the matter can be settled within the overall 6-month time limit.

Finally, the existing law provides only for the termination of assistance furnished under the Foreign Assistance Act of 1961, as amended. The committee bill provides also for the termination of assistance under any other act, in the circumstances described by section 620(e). This would extend the sanctions of the section to such activities and agencies as Public Law 480, the Export-Import Bank, and the Peace Corps.

"The committee has been gratified by the experience under section 620(e) since it was made a part of the law last year. At least one major expropriation case has been settled which, in the committee's judgment, probably would not have been settled in the absence of section 620(e). Several other expropriations or discriminatory actions have been avoided. In only one case has the section operated to suspend assistance.

"The revisions which the committee now proposes tighten the existing law somewhat, broaden its provisions, and provide the President, in his discretion, with the resources and experience of the Foreign Claims Settlement Commission."

11. The committee added a new subsection to section 620 which provides:

"No assistance shall be furnished on a grant basis under this Act to any economically developed nation capable of sustaining its own defense burden and economic growth, except (1) to fulfill firm commitments made prior to July 1, 1963, or (2) additional orientation and training expenses under paragraph II hereof during fiscal year 1964 in an amount not to exceed \$1,000,000."

The committee report (p. 30) states as follows:

"Grant assistance to developed countries has been substantially reduced and in many cases eliminated, but the process has not gone as fast as the committee thinks it should. The committee recognizes, however, that there are some cases of prior commitments, mainly in regard to military assistance, which have not yet been entirely fulfilled. These include, among others, a military assistance cost-sharing agreement with Norway.

"The committee also recognizes the value of limited military orientation and training programs for officers of developed countries. These programs are an important factor in sales of military equipment amounting to approximately \$1 billion a year, and are in

reality a 'business expense' of the Defense Department. The amendment makes an exception for programs of this nature. Further, it will not preclude financing of military training and orientation courses by the Defense Department under other appropriations if considered desirable and possible.

"The question arises as to what is an 'economically developed nation capable of sustaining its own defense burden and economic growth.' The committee believes this to be a matter of reasonable judgment. The amendment is intended to cover the countries of Western Europe, among others.

"In view of the specific U.S. base rights in Spain and Portugal the committee does not intend this amendment to apply to these two countries. However, the committee is strongly of the view that the United States has been generous in its grants-in-aid to Spain and Portugal and that in the future these programs should be progressively reduced with a view toward termination.

"Neither does the committee intend the amendment to apply to NATO cooperative enterprises involving the furnishing of military and technological information, licenses of Government owned or controlled inventions, and liaison by members of the Armed Forces."

12. The committee also added a new subsection to section 620 which provides:

"No assistance under this Act shall be furnished for projects establishing or otherwise assisting Government-owned manufacturing, utility, merchandising, or processing enterprises in any country or area, except where it clearly appears that goods or services of the same general class are not or cannot be adequately provided by private businesses located within such country or area."

The committee report (pp. 31-32) states that the committee agrees with the conclusion of the Clay Committee that the United States should not aid a free government in establishing government-owned industrial and commercial enterprises which compete with existing private endeavors.

The committee report adds:

"At the same time, the committee realizes that there are instances in which needed goods or services either are not or cannot be adequately provided by private businesses. In such instances, it may be appropriate to assist in the establishment of government-owned enterprises. The question of what is 'adequate' is a matter of judgment and will have to be determined in individual cases by the responsible officials of the executive branch. The committee intends the word to be construed so as to promote the most efficient use of limited resources for investment in projects designed to contribute to economic growth. The committee notes in addition that relatively little assistance has in fact been extended by AID to government owned enterprises competing with private firms, but the committee felt it desirable to make certain as nearly as possible that this does not occur in the future."

13. The committee adopted an amendment relating to interest rates on loans which is explained in the report (pp. 34-35) as follows:

"The committee bill contains an amendment which fixes minimum terms for loans made under part I, which deals with economic assistance. The existing law leaves the question of these terms to the discretion of the President, and under current practice the softest terms are three-fourths of 1 percent interest and a maximum maturity of 40 years, with a grace period of 10 years as to repayment of principal.

"Under the terms of the amendment adopted by the committee the minimum interest rate will be three-fourths of 1 percent for the first 5 years and 2 percent thereafter.

"The grace period on repayment of principal will be reduced to 5 years from the date

of disbursement, and repayment on an amortized basis will be required within 30 years after the grace period. Loans which may be made to the International Development Association under authority of section 205 are exempt from these new terms.

"Although the amendment adopted by the committee represents a substantial hardening of loan terms compared to current U.S. practice, the terms required by the committee amendment are still substantially softer than those offered by any other free world capital exporting country. This was one of the reasons which led the committee to adopt the amendment. The committee is encouraged by recent moves on the part of some Western European countries, particularly the United Kingdom, to reduce interest rates and lengthen maturity. The executive branch should take every opportunity to urge our European friends to do even more in this respect.

"Another reason the committee adopted this amendment is that it felt it could no longer justify three-fourths of 1 percent, 40-year loans in view of the U.S. budgetary and balance-of-payments position. The higher interest rates and shorter maturity required by this amendment will serve to reduce the long-term cost of the foreign aid program to the United States.

"It should be made clear that the terms fixed in this amendment are minimum terms. In cases in which the borrowing country's capacity to repay permits, loan terms should be more realistic and should more nearly reflect, insofar as possible, the actual cost of the loan to the United States. Furthermore, the committee expects the executive branch to include renegotiation provisions in loan agreements so that interest rates may be raised as the economy of the borrowing country improves.

"Historically, U.S. aid policy has evolved from a program of almost all grants through a program of soft loans repayable in foreign currencies into a program of dollar repayable loans. The amendment made by this section will carry this evolution a step further."

14. The committee approved an amendment to section 635, relating to general authorities, which provides:

"(1) No loan or grant in excess of \$100,000,000, and no agreement obligating or committing the United States to make a loan or grant in excess of \$100,000,000, for the financing of any particular project shall be made or entered into under part I unless such loan, grant or commitment shall have been specifically submitted to the Congress and specifically approved by Congress."

The committee report (p. 36) states:

"This amendment is designed to assure advance congressional review of these large projects.

"There are not, in fact, many individual projects of this magnitude. Where one is seriously proposed, its magnitude alone would indicate the most careful review in which Congress should specifically participate.

"It should be emphasized that the amendment applies only to individual projects. It does not apply to programs. The distinction is that the program in a country might embrace a number of individual projects, each of which would be less than \$100 million although collectively they might total substantially in excess of that amount.

"Neither would the amendment apply to individual projects which are financed by an international consortium if the U.S. share of the financing is less than \$100 million, even though the total cost of the project is in excess of that."

15. The committee adopted an amendment to include fish products within the definition of a "surplus agricultural commodity."

The committee report (p. 41) reads as follows:

"The committee adopted an amendment to section 106 of Public Law 480 (the Agricultural Trade Development and Assistance Act of 1954) to make it possible to include fish in the food-for-peace program upon a finding by the Secretary of the Interior that a domestically produced fishery product is in excess of domestic requirements, adequate carryover, and anticipated exports for dollars. The amendment applies only to titles I and IV of Public Law 480, and will therefore not make fish available for grant programs under title II. For purposes of title I, which authorizes sales for foreign currencies, the amendment will become effective January 1, 1965.

"There have been occasions when foreign governments have asked for canned fish products under the food-for-peace program to supply protein deficiencies. This amendment will make it possible to meet these requests to the extent that fishery products may be in surplus. The amendment will put fish on the same basis as frozen beef, canned pork, canned hams, variety meats, and fruit.

"The effective date for purposes of title I is postponed until January 1, 1965, because the present authority under title I extends through December 31, 1964, and was intended to include only surplus agricultural products at the time it was enacted."

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CARLSON (when his name was called). I have a live pair with the senior Senator from Nebraska [Mr. HRUSKA]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

Mr. JOHNSTON (when his name was called). On this vote I have a pair with the Senator from South Dakota [Mr. McGOVERN]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. LONG of Missouri (when his name was called). On this vote I have a pair with the Senator from Louisiana [Mr. LONG]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

Mr. TALMADGE (when his name was called). On this vote I have a pair with the senior Senator from West Virginia [Mr. RANDOLPH]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

Mr. WALTERS (when his name was called). On this vote I have a pair with the Senator from Louisiana [Mr. EL-LENDER]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

Mr. YOUNG of North Dakota (when his name was called). I have a pair with the junior Senator from Washington [Mr. JACKSON]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.



Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Louisiana [Mr. ELLENDER], the Senator from Washington [Mr. JACKSON], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from South Dakota [Mr. McGovern], the Senator from Utah [Mr. MOSS], and the Senator from Mississippi [Mr. STENNIS] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that the Senator from West Virginia [Mr. RANDOLPH] is necessarily absent.

On this vote, the Senator from Utah [Mr. MOSS] is paired with the Senator from Mississippi [Mr. STENNIS]. If present and voting, the Senator from Utah would vote "yea," and the Senator from Mississippi would vote "nay."

I further announce that, if present and voting, the Senator from California [Mr. ENGLE] and the Senator from Washington [Mr. MAGNUSON] would each vote "yea."

Mr. KUCHEL. I announce that the Senators from Nebraska [Mr. CURTIS and Mr. HRUSKA] are absent on official business.

The Senator from Kentucky [Mr. MORTON] and the Senator from Delaware [Mr. WILLIAMS] are necessarily absent.

The pair of the Senator from Nebraska [Mr. HRUSKA] has been previously announced.

On this vote, the Senator from Kentucky [Mr. MORTON] is paired with the Senator from Nebraska [Mr. CURTIS]. If present and voting, the Senator from Kentucky would vote "yea," and the Senator from Nebraska would vote "nay."

The result was announced—yeas 63, nays 17, as follows:

[No. 239 Leg.]

YEAS—63

|              |              |                |
|--------------|--------------|----------------|
| Alken        | Fulbright    | Metcalf        |
| Allott       | Gore         | Miller         |
| Bartlett     | Gruening     | Monroney       |
| Bayh         | Hart         | Muskie         |
| Beall        | Hartke       | Nelson         |
| Boggs        | Hayden       | Neuberger      |
| Brewster     | Hickenlooper | Pastore        |
| Burdick      | Hill         | Pearson        |
| Byrd, W. Va. | Holland      | Pell           |
| Cannon       | Humphrey     | Prouty         |
| Case         | Inouye       | Proxmire       |
| Church       | Javits       | Ribicoff       |
| Clark        | Keating      | Saltonstall    |
| Cooper       | Kennedy      | Scott          |
| Cotton       | Kuchel       | Smathers       |
| Dirksen      | Lausche      | Smith          |
| Dodd         | Mansfield    | Sparkman       |
| Dominick     | McCarthy     | Symington      |
| Douglas      | McGee        | Williams, N.J. |
| Edmondson    | McIntyre     | Yarborough     |
| Fong         | McNamara     | Young, Ohio    |

NAYS—17

|           |               |           |
|-----------|---------------|-----------|
| Bennett   | Jordan, N.C.  | Robertson |
| Bible     | Jordan, Idaho | Russell   |
| Byrd, Va. | McClellan     | Simpson   |
| Eastland  | Mechem        | Thurmond  |
| Ervin     | Morse         | Tower     |
| Goldwater | Mundt         |           |

NOT VOTING—20

|          |           |                |
|----------|-----------|----------------|
| Anderson | Johnston  | Randolph       |
| Carlson  | Long, Mo. | Stennis        |
| Curtis   | Long, La. | Talmadge       |
| Ellender | Magnuson  | Walters        |
| Engle    | McGovern  | Williams, Del. |
| Hruska   | Morton    | Young, N. Dak. |
| Jackson  | Moss      |                |

So the bill (H.R. 7885) was passed.

Mr. FULBRIGHT. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized, in the engrossment of the Senate amendment to H.R. 7885, to make certain technical changes, correct any grammatical errors, and make changes in section numbers.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the bill be printed showing the Senate amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I move that the Senate insist on its amendment and request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. FULBRIGHT, Mr. SPARKMAN, Mr. HUMPHREY, Mr. HICKENLOOPER, and Mr. AIKEN conferees on the part of the Senate.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I should like to ask the majority leader about the schedule for the remainder of the day, and also for next week.

ORDER FOR RECESS TO MONDAY NEXT

Mr. MANSFIELD. Mr. President, in response to the question raised by my distinguished friend, the minority leader, I ask unanimous consent that when the Senate recesses today, it recess to meet at 12 o'clock noon, Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that Calendar No. 621, S. 1561, be laid before the Senate and made the pending business. It is anticipated that it will pass very shortly. I understand there is no objection to it.

Then we shall take up Calendar No. 609, H.R. 7431, the District of Columbia appropriations bill, which will be the pending business, to be considered on Monday.

There will be no further votes today. So far as the remainder of the schedule is concerned, on Monday it is expected that the District of Columbia appropriation bill will be followed by Calendar No. 614, H.R. 6001, the Waukegan bill; Calendar No. 617, S. 298, and Calendar No. 618, S. 1309, the small business bills; also the braceros bill; the conference report on the legislative appropriations bill; H.R. 8747, the independent offices appropriation bill; and the air pollution bills H.R. 6001 and S. 432.

S. 2265, the library service bill will also be brought up next week.

Those bills will be brought up next week, but not necessarily in that sequence, except for the first two mentioned.

There will be no further votes today. There is one little bill to be considered. That is about it.

COMMITTEE MEETING DURING THE SESSIONS OF THE SENATE NEXT WEEK

Mr. MANSFIELD. Mr. President, in view of the unusual procedure undertaken by the Senate this afternoon, and with the full concurrence of the minority leader, I ask unanimous consent that the Committee on Banking and Currency be authorized to hold hearings on the Mundt bill during the sessions of the Senate next week.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE MEXICAN FARM LABOR PROGRAM

Mr. McCARTHY. Mr. President, on October 31, the House approved a 1-year extension of the Mexican farm labor bill. The House version eliminates the language which was adopted when the Senate passed on this legislation on August 15. The bill which passed the Senate provided minimal protection for American migrant workers. It is my understanding that Senators who opposed the reforms which were included in the Senate bill will move to bypass taking this measure to conference, and plan to move to have the Senate concur with the House language when that bill is brought up before the Senate on Monday.

It is my opinion that the bill should go to conference. In the course of the consideration of the proposed legislation in August, 2 or 3 days were spent in debate. Three or four yea-and-nay votes were held on the question of whether American migrant workers were to receive the same protection under the law that the Mexican farm laborers are afforded. The Senate, by a single vote, after long debate and a series of yea-and-nay votes, determined that these protections should be written into the law.

It will be argued, of course, that because the majority was a simple one of one vote, it is more or less meaningless, and, secondly, that we should surrender to the House of Representatives, I assume, if we do have a conference, even before the conferees reach the rotunda. At least this would have been a test by way of representing the Senate's position in a contest with the House.

The proposal will be made that we not even go to conference and attempt some kind of accommodation or reconciliation. In my opinion, the appropriate procedure in handling this measure, involving a significant difference between the House and Senate versions, is to hold a conference.

In the course of the debate on the foreign aid authorization bill and other measures which have recently been before the Senate, the argument has been strongly made that the House position

should not be accepted by the Senate, and that we should not surrender our position to the House on the floor of the Senate.

I am sure that when the measure comes up, some of the Senators who advocated that stand will be among those who will say, "Why not accept the House version?" They will not want to give a majority of the Senate who voted for the version passed by the Senate on August 15 the courtesy, even, of going to a conference.

From the time the Mexican farm labor bill was proposed in 1951, the farm labor program has been highly controversial, and it has become more so in recent years. The House itself has been almost equally divided, not on the question of whether American workers should be given protection, but on the question of whether the program should be continued under any circumstances.

Two weeks ago the House approved an extension by a vote of 173 to 158, but earlier in the session the House killed a bill providing for a 2-year extension by a vote of 174 to 158.

I assume, if we are to play the numbers game, it will be argued that we should not go to conference because the Senate approved a protective measure by a margin of 1 vote; therefore, we could just as well argue that the House had 2 separate votes, one in which 174 Members said there should be no extension of the program at all, and yet another vote, in which the House said, by 173 votes, that there should be an extension.

So far as the single-vote difference is concerned, if we jump a period of several months in the House, it would appear that the issue before the conference committee would be whether one vote in the Senate in favor of the program is worth more than one vote in the House against the program. I assume the ratio should be at least 4 to 1; and therefore on the basis of numbers alone the senior members of the Committee on Agriculture and Forestry should at least be willing to go to conference in an attempt to arrive at a compromise, if they are not willing to accept the language in the Senate version.

Both the House and Senate versions provide for a 1-year extension, but the Senate bill takes a step toward protecting the rights of American citizens. It provides that growers desiring to import Mexican nationals must first make a limited effort to recruit domestic workers. The Senate bill does not, of course, require growers to do anything; it only states that if they want to secure braceros they must first offer terms regarding workmen's compensation, housing, transportation, and work period guarantees comparable to those they offer Mexican nationals.

This is certainly a reasonable condition. It does not guarantee that American workers will get all the benefits now given to Mexican nationals under the program. It provides only limited protection for domestic workers. Under the Senate provisions, growers with an established need will still be able to get Mexican nationals if domestic workers are unavailable.

The Mexican farm labor program is opposed by church groups and many civic groups. The opposition of the church leaders now and in the past is based on a deeply held conviction that this is a moral as well as an economic and social issue. I do not believe that anyone has ever suggested that the church groups have any motivation except the clear and honest one of protecting the rights of underprivileged citizens.

Representatives of many religious groups have programs to assist migratory laborers. They see firsthand the suffering and privation under which these citizens live and work. They are opposed to extending this program of importing foreign workers to compete with these neglected citizens for jobs and wages.

Church leaders may not always be experienced in economics, but they know human suffering and neglect when they see it. They know that something is wrong with the system when over the years as many as 400,000 foreign workers have been brought annually to compete with our own citizens who are already at the bottom of the economic ladder.

They know that something is wrong when hundreds of thousands of citizens are forced to drift from place to place, hopefully looking for work but suffering from extensive seasonal unemployment, earning low wages, being forced to live in substandard housing, and their children receiving only a scattering of formal education.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a few of the letters I received from church and other leaders when S. 1703 was scheduled for Senate action last summer. I also ask unanimous consent to have printed in the RECORD an editorial entitled "Defeat for the Migrants," published in the New York Times of November 3, 1963, and an editorial entitled "Stoop Labor," published in the Washington Post of November 2, 1963, which urged that the Senate bill be upheld.

There being no objection, the letters and the editorials were ordered to be printed in the RECORD, as follows:

NATIONAL COUNCIL OF THE  
CHURCHES OF CHRIST  
IN THE U.S.A.,  
New York, N.Y., July 29, 1963.

HON. EUGENE J. MCCARTHY,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR MCCARTHY: I enclose a statement of the general board of the National Council of Churches entitled, "Resolution Regarding the Future of the Mexican Agricultural Worker Importation Program (Public Law 78, 82d Cong.)."

This resolution, adopted in February 1960, reflects the long experience of the National Council of Churches through its Ministry to Migrants. This led us to the conviction that the Mexican farmworker importation program, introduced as a wartime emergency measure and continued year after year long after the emergency had ceased, should be gradually eliminated during a specified phaseout period.

Since that time the widespread introduction of mechanization has resulted in an automatic phaseout process in which the number of braceros brought into the country has decreased each year. This fact, together with the widespread and increasing

unemployment among both farm and other workers in this country, has reinforced the conviction that the importation program should not be again extended.

I am sending this to you for your information on a matter of public interest before the Congress at this time. We believe you will be interested to know of the principles relating to this issue adopted by this body of men and women from our churches and the accompanying brief statement of reasons therefor.

Sincerely yours,

CAMERON P. HALL.

BISHOPS' COMMITTEE FOR  
MIGRANT WORKERS,  
Chicago, Ill., July 30, 1963.

HON. EUGENE J. MCCARTHY,  
U.S. Senate, Senate Office Building, Wash-  
ington, D.C.

DEAR SENATOR: It has come to my attention that there is an effort being made to have the Senate approve a 1-year extension of Public Law 78—Senate bill 1703, and that this is being done without any hearings. I am shocked and surprised if this be the truth.

With the present rate of unemployment growing constantly because of automation and with the threatened railroad strike on our hands, it is difficult to understand the mind of the Senate asking for a 1-year extension of Public Law 78, which has long since outlived its utility and necessity, if it ever had such.

Our committee is united with many other civic and religious groups, labor organizations, etc., that have fully studied and fought against Public Law 78.

We urge your cooperation in bringing justice to American workers by holding the line against any further extension of this law.

Sincerely,

Rev. RALPH J. DUGGAN.

NATIONAL CATHOLIC RURAL  
LIFE CONFERENCE,  
Washington, D.C., July 29, 1963.

HON. EUGENE J. MCCARTHY,  
U.S. Senate, Washington, D.C.

DEAR SENATOR MCCARTHY: It is my understanding that S. 1703, the bill to extend the Mexican farm labor program for 1 year, is expected to come to the Senate floor very soon, perhaps in the next day or two.

Those of us who oppose the extension of the bracero program are both astonished and disappointed that legislation rejected by the House should be rushed to the Senate floor without hearings. On a matter as controversial as this it seems essential that all interested parties should have the opportunity to have their views heard.

Particularly is this true of the many church bodies which have long and uncompromisingly opposed the bracero program. To mention only Catholic organizations, the following have repeatedly gone on record as opposed to any extension of Public Law 78: the National Catholic Rural Life Conference; the Social Action Department, NCWC; the Bishops' Committee for Migrant Workers; the Bishops' Committee for the Spanish Speaking; the National Council of Catholic Men; the National Council of Catholic Women; and the National Federation of Catholic College Students. A list as long and as weighty could be given of Protestant and other church groups as well as innumerable other citizen organizations.

Surely the unanimous voice of virtually everyone except the handful of bracero-using employers and their spokesmen should be heard.

I appeal, therefore, to you, Senator, to add your voice and vote to the effort to end



this program once and for all. With every good wish I remain,

Very sincerely yours,  
Rev. JAMES L. VIZZARD, S.J.,  
Director of Washington Office.

MINNESOTA MIGRANT  
COMMITTEE OF THE MINNESOTA  
COUNCIL OF CHURCHES,  
Minneapolis, Minn., July 29, 1963.

Hon. EUGENE MCCARTHY,  
U.S. Senate, Senate Office Building, Wash-  
ington, D.C.

MY DEAR SENATOR MCCARTHY: Working with the approximately 9,000 migrant workers who came to Minnesota again this summer, and seeing how much of the time they must spend without work in our State, is convincing evidence that there is much to be desired for improvement in "their labor market." In four areas of migrant concentration in our State, workers have spent many days without work due, they say, to too many workers being available and recruited for the work to be done.

It is alarming to me to hear that a new measure, Senate Bill 1703, will be reported to the floor very hastily in an attempt to extend Public Law 78 for 1 year. I feel this is not in the interest of the citizens of our Nation who are migrants, nor is it in the interest of many producers across our land. If, passed, will help a small minority of growers at the expense of justice to many.

I am writing this letter urging you to uphold the progress made in the discontinuance of Public Law 78 some weeks ago.

Sincerely yours,  
GEORGE K. TJADEN,  
State Director, Ministry to Migrants,  
Minnesota Council of Churches.

NATIONAL ADVISORY COMMITTEE  
ON FARM LABOR,  
July 29, 1963.

DEAR SENATOR MCCARTHY: When the House, on May 29, voted down efforts to extend Public Law 78 for 2 years, they were responding to the overwhelming evidence presented in opposition to any extension of the Mexican farm labor program.

Enclosed for your attention is a copy of a letter signed by 44 prominent leaders in all walks of life and sent to each Member of the House prior to this vote. The arguments stated in this letter still hold true.

Furthermore, there is no validity to the argument that a "sudden" cutoff of braceros would work undue hardship on their employers. With no further extension of Public Law 78, this program has another 5 months to run. This is ample time in which to improve wages and working and living conditions, and to set up procedures to recruit qualified domestic farmworkers.

The action of the Senate Agriculture and Forestry Committee in reporting out S. 1703, a 1-year extension of Public Law 78, without any public hearings was unconscionable. This 1-year bill, regarded by some as a compromise, is no compromise at all, but an attempt by a comparative few large growers to extend a program for which there is no justification.

Sincerely yours,  
FAY BENNETT,  
Executive Secretary.

NATIONAL ADVISORY COMMITTEE  
ON FARM LABOR,  
May 24, 1963.

(Copy of letter individually addressed to all Representatives.)

Public Law 78, providing for the importation of Mexican farmworkers, will expire at the end of 1963 if no action to extend it is taken by Congress. We urge you to bring this program to an end by voting against H.R. 5497 or any similar bill introduced to extend the program.

CIX—1384

This contract labor program was adopted as an emergency measure in 1951, when manpower needs were crucial. But now the proportion of all American farmers using Mexican braceros has dropped to less than 1 percent. The number of braceros used in 1962 was 38 percent less than in 1961; California accounted for 53 percent of the total man-months of Mexican labor and Texas for 26 percent. It has clearly become a program for the benefit of a few.

One of the worst results of the Mexican program through the years is that it has tended to become self-perpetuating, as large growers have come to rely upon it for their labor needs. The existence of an inexhaustible pool of low-paid workers destroys the competition which would encourage employers to make jobs attractive in terms of wages and working conditions. Artificial shortages of farmworkers have occurred when growers, knowing they could fall back on Mexican braceros, have failed to offer a decent living wage to available domestic workers. Despite minor reforms passed by the 87th Congress and Department of Labor efforts for better enforcement of existing regulations, adverse effects on domestic farmworkers continue.

Moreover, increasing mechanization of agriculture is regularly reducing the jobs available to agricultural workers. In 1962 total employment of seasonal hired farm workers declined for the third successive year; so did the number of days worked by individual farm laborers.

Farmworkers also found fewer sources of nonfarm work last year. Lack of farm employment is forcing their migration to the cities, where the need for unskilled workers continues to decline. Surely there is no justification for the importation of foreign workers at a time of rapidly declining opportunities in unskilled and semiskilled employment both on and off the farm.

That domestic agricultural workers can fill the need is shown in the areas where the employment service and growers cooperate through the annual worker plan. This provides the growers with a stable and efficient supply of domestic workers without recourse to foreign recruitment, and at the same time provides the workers with fuller employment, through planned routing to meet the growers' seasonal demands.

We submit that any industry in the country would have a labor shortage if it offered wages below the national minimum; seasonal and irregular work without unemployment compensation; unhealthy working and living conditions; and few of the benefits of social legislation enjoyed by other workers. We believe these conditions in American agriculture are perpetuated by the existence of a foreign contract labor system based on substandard wages.

Ending the inequities faced by American farmworkers will end any artificial labor shortages which have been created. In the name of both justice and commonsense the Mexican program should be allowed to expire.

Sincerely yours,  
Dr. Louis H. Bean, Joseph A. Belrne, James B. Carey, Patrick F. Crowley, Helen Gahagan Douglas, Rev. Ralph J. Duggan, John Anson Ford, Dr. L. H. Foster, Prof. Walter Galenson, Rabbi Roland B. Gittelsohn, Rev. Donald S. Harrington, Henry B. Herman, Rt. Rev. Msgr. George G. Higgins, Robert W. Hudgens, Joseph D. Keenan, Rabbi Edward E. Klein, Dr. Harry W. Laidler, Rabbi Eugene J. Lipman, Dr. Seymour M. Lipset, Bishop John Wesley Lord, Dr. Isador Lubin, Archbishop Robert E. Lucey, Rev. Alan McCoy, O.F.M., Rev. Dr. Robert J. McCracken, Dr. John A. Mackay, Dr. Benjamin E. Mays, Dr. Reinhold Niebuhr, Dr. Peter H. Odegaard, Bishop James A. Pike, Prof. Daniel H. Pollitt, Very Rev. Msgr. William J. Quinn, A. Philip Randolph,

Robert Ryan, Dore Schary, Rev. Roger L. Shinn, Rabbi Samuel D. Soskin, Norman Thomas, Frederick S. Van Dyke, Dr. Maurice T. van Hecke, Rev. James L. Vizzard, S.J., Rev. John A. Wagner, Dr. Galen R. Weaver, Rabbi Jacob J. Weinstein, and Walter P. Reuther.

[From the Washington Post, Nov. 2, 1963]

#### STOOP LABOR

The House of Representatives let itself be horn-swoggled by a farm lobby that wants to maintain a supply of cheap peasant labor. It passed a bill on Thursday providing for a 1-year extension of Public Law 78, the so-called Mexican farm labor program. Last May, in an exhibition of good morals, good economics, and good sense, the House defeated a bill for a 2-year extension of the program, bringing to an end at long last, it was hoped, an exploitation of Mexican stoop labor which served to deny employment to American farmworkers.

In August, the Senate voted to extend Public Law 78 for 1 year—but with an amendment providing that Mexican workers may not be recruited for hire on American farms until the Secretary of Labor finds that reasonable efforts have been made to attract domestic workers for the available jobs at wages and hours and with workmen's compensation, housing, transportation, and work period guarantees equal to those offered the braceros.

The House ignored this amendment. We hope the Senate will insist upon it. The farm lobby doesn't like it, of course, because it would raise the costs, while improving the conditions, of farm labor. But without it, the extension of the bracero program amounts to little better than a perpetuation of peonage. If the bill comes to him without the Senate amendment, President Kennedy ought to veto it in simple justice to the tragically deprived American migrant farmworkers.

[From the New York Times, Nov. 3, 1963]

#### DEFEAT FOR THE MIGRANTS

Once again the corporate farm interests in California, Texas, and Arizona are on their way to using Congress as an instrument for depressing the wages and working conditions of America's most exploited workers—the half million migratory farm laborers and their families.

The House of Representatives 5 months ago voted to kill the program under which hundreds of thousands of Mexicans are brought in each year to supply cheap labor for the harvesting of U.S. crops. Now the House has been induced to reverse itself. It has voted a 1-year extension, devoid even of the strings the Senate attached when it approved a similar extension in August.

Under the Senate bill, benefits equal to those guaranteed the Mexicans in such areas as housing, workmen's compensation, and transportation would have to be offered to domestic workers as well. The House dispensed with even this meager safeguard when the program for importing braceros came up for a second look. The chances seem strong that the Senate will now consent to the same unreserved extension of the old law.

With national unemployment frozen at a rate of more than 5 percent, the continued importation of foreign workers to aid a comparative handful of large corporate farmers is unconscionable. The Senate ought to exercise the opportunity the House action gives it to scrap the entire program. If it sends it forward, the responsibility for a veto will be the President's.

Mr. MCCARTHY. Mr. President, the Senate bill incorporates recommendations made by the administration as the

condition under which the Department would support a 1-year extension. After the recent House action, I inquired about the administration's position and received from Secretary of Labor Wirtz a letter stating that the administration is opposed to the 1-year extension, unless amendments are included, recommended by the Department, to protect domestic workers. These are the recommendations which were included in the Senate version. If our information is correct, the advocates of this program hope to have them dropped on the floor of the Senate without so much as even taking them to conference.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter to me from Secretary of Labor Wirtz under date of November 1, 1963.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF LABOR,  
OFFICE OF THE SECRETARY,  
Washington, D.C., November 1, 1963.

HON. EUGENE MCCARTHY,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR MCCARTHY: This is in response to your inquiry requesting a statement describing the administration's position on the extension of Public Law 78.

The administration has continued to maintain the position I indicated before the House Subcommittee on Equipment, Supplies, and Manpower of the Committee on Agriculture on March 27. We support a 1-year extension, provided the act is amended to require employers seeking to obtain Mexican workers to demonstrate that they have offered to domestic workers workmen's compensation or occupational insurance coverage, housing, and transportation expenses equivalent to that furnished Mexican workers.

We are opposed to an extension without these amendments.

Yours sincerely,

W. WILLARD WIRTZ,  
Secretary of Labor.

Mr. MCCARTHY. I intend to oppose the motion, if it is made, that the Senate accept the House version, and to move to take this matter to conference. It is my hope that if a motion to go to conference is rejected, a majority of the Senate will stand by the position which they took last August and refuse even to extend this program for another year. What we have asked for in the way of protection for American migratory workers is well within the limits of reason. It is hard for me to understand why those who are supporting the program seem unwilling to provide that American migrant workers be given at least a minimum of consideration, of decency, and of reason before they seek to have Mexican nationals compete in this area in which competition is most intense and in which the standards of living, working conditions, and wages are the worst of any segment of the American economy.

#### FEDERAL EMPLOYEES HEALTH BENEFITS ACT OF 1959

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of Calendar 621, S. 1561.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 1561) to amend the Federal Employees Health Benefits Act of 1959.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Post Office and Civil Service with amendments on page 2, after line 2, to insert:

(4) Section 2(e) is repealed.

At the beginning of line 4, to strike out "(4)" and insert "(5)"; in line 5, after the word "after", to strike out "or" in line 6, and insert "or", the last word in the paragraph, the following: after line 9, to insert:

(6) Section 3 is amended by adding the following subsection:

"(g) Any annuitant (including an individual receiving monthly compensation as a result of injury sustained prior to the effective date specified in section 16 and who would be an annuitant if the injury or illness had been sustained or contracted on or after that date) who at the time he became an annuitant shall have been enrolled in a health benefits plan under this Act and who at the time he became an annuitant was ineligible to continue his enrollment may, upon his application before July 1, 1964, and under such other conditions of eligibility as the Commission may by regulation prescribe, prospectively enroll in an approved health benefits plan described in section 4 either as an individual or for self and family."

On page 3, at the beginning of line 1, to strike out "(5)" and insert "(7)"; in line 4, after the word "contract", to strike out "term," and insert "term"; at the beginning of line 9, to strike out "(6)" and insert "(8)"; at the beginning of line 12, to strike out "(7)" and insert "(9)"; after line 13, to insert:

(10) Section 7(a)(1) is amended by inserting the word "and" at the end of clause (A) and by striking out the following: "(other than as provided in clause (C) of this paragraph), and (C) not less than \$1.75 or more than \$2.50 biweekly for a female employee or annuitant enrolled for self and family including a nondependent husband".

At the beginning of line 20, to strike out "(8)" and insert "(11)"; on page 4, line 3, after the word "subscription", to strike out "charge, except that if a non-dependent husband is a member of the family of a female employee or annuitant who is enrolled for herself and family the contribution of the Government shall be 30 per centum of such subscription"; after line 7, to strike out:

(9) Section 8(b) is amended by the addition of the following:

"Whenever a contract with a plan approved under section 4(3) or 4(4) is terminated, the contingency reserve credited to that plan shall be credited to the contingency reserves of the plans continuing under this Act for the contract term following that in which termination occurs, each reserve to be credited in proportion to the amount of the premiums paid and accrued to the plan for the year of termination."

And, in lieu thereof, to insert:

(12) Section 8(b) is amended by inserting after the first sentence thereof, the following new sentences:

"The Commission, from time to time and in such amounts as it considers appropriate, may transfer unused funds for administrative expenses to the contingency reserves of the plans then under contract with the Commission. When funds are so transferred, each contingency reserve shall be credited in proportion to the total amount of the subscription charges paid and accrued to the plan for the contract term immediately preceding the contract term in which the transfer is made."

On page 5, after line 2, to insert:

(13) Section 8 is amended by adding the following subsection:

"(d) (1) Whenever the assets, liabilities and membership of employee organizations sponsoring or underwriting plans approved under section 4(3) have been or are hereafter merged, the assets (including contingency reserves) and liabilities of the plans sponsored or underwritten by the merged organizations shall, at the beginning of the contract term next following the date of the merger or enactment of this subsection, be transferred to the plan sponsored or underwritten by the successor organization. Each employee or annuitant hereafter affected by a merger shall also be transferred to the plan sponsored or underwritten by the successor organization unless he enrolls in another plan under this Act.

(2) Except as provided in paragraph (1) of this subsection, whenever a plan described under section 4(3) or 4(4) is or has been discontinued under this Act, the contingency reserve of that plan shall be credited to the contingency reserves of the plans continuing under this Act for the contract term following that in which termination occurs, each reserve to be credited in proportion to the amount of the subscription charges paid and accrued to the plan for the year of termination."

On page 6, at the beginning of line 1, to strike out "(10)" and insert "(14)"; at the beginning of line 2, to strike out "Any" and insert "(c) Any"; in line 7, after the word "though", to strike out "such" and insert "his", and after line 9, to insert a new section, as follows:

Sec. 2. Paragraphs 4, 10, and 11 of section 1 shall take effect on the first day of the first period which begins at least ninety days after the date of enactment of this Act.

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Federal Employees Health Benefits Act of 1959 (5 U.S.C. 3001-3014) is hereby amended as follows:

(1) Section 2(c)(3) is amended by striking the words "as a result of injury sustained or illness contracted on or after such date of enactment".

(2) Section 2(c)(4) is amended by striking the words "on account of injury sustained or illness contracted on or after such date of enactment".

(3) Section 2(d) is amended by inserting, after "stepchild", "foster child".

(4) Section 2(e) is repealed.

(5) Section 3(b)(1) is amended by inserting, after "or", the last word in the paragraph, the following: "(C) the full period or periods of service beginning with the enrollment which became effective not later than December 31, 1963, and ending with the date on which he becomes an annuitant, or".

(6) Section 3 is amended by adding the following subsection:

"(g) Any annuitant (including an individual receiving monthly compensation as a result of injury sustained prior to the effective date specified in section 16 and who would be an annuitant if the injury or illness had been sustained or contracted on or after



that date) who at the time he became an annuitant shall have been enrolled in a health benefits plan under this Act and who at the time he became an annuitant was ineligible to continue his enrollment may, upon his application before July 1, 1964, and under such other conditions of eligibility as the Commission may by regulation prescribe, prospectively enroll in an approved health benefits plan described in section 4 either as an individual or for self and family."

(7) Section 6(d) is amended by the addition of a sentence reading as follows:

"The Commission may terminate the contract of any carrier effective at the end of a contract term if the Commission finds that at no time during the preceding two contract terms did the carrier have three hundred or more employees and annuitants (exclusive of family members) enrolled for its plan."

(8) Section 6(f) is amended by placing a period after the word "contract" in the last sentence and striking the remainder of the sentence.

(9) Section 6(g) is amended by striking "at the option of the employee or annuitant,"

(10) Section 7(a)(1) is amended by inserting the word "and" at the end of clause (A) and by striking out the following: "(other than as provided in clause (C) of this paragraph), and (C) not less than \$1.75 or more than \$2.50 biweekly for a female employee or annuitant enrolled for self and family including a nondependent husband".

(11) Section 7(a)(2) is amended to read as follows:

"(2) For an employee or annuitant enrolled in a plan described under section 4 (3) or (4) for which the biweekly subscription charge is less than twice the Government contribution established under paragraph (1) of this subsection, the Government contribution shall be 50 per centum of the subscription charge."

(12) Section 8(b) is amended by inserting after the first sentence thereof, the following new sentences:

"The Commission, from time to time and in such amounts as it considers appropriate, may transfer unused funds for administrative expenses to the contingency reserves of the plans then under contract with the Commission. When funds are so transferred, each contingency reserve shall be credited in proportion to the total amount of the subscription charges paid and accrued to the plan for the contract term immediately preceding the contract term in which the transfer is made."

(13) Section 8 is amended by adding the following subsection:

"(d)(1) Whenever the assets, liabilities and membership of employee organizations sponsoring or underwriting plans approved under section 4(3) have been or are hereafter merged, the assets (including contingency reserves) and liabilities of the plans sponsored or underwritten by the merged organizations shall, at the beginning of the contract term next following the date of the merger or enactment of this subsection, be transferred to the plan sponsored or underwritten by the successor organization. Each employee or annuitant hereafter affected by a merger shall also be transferred to the plan sponsored or underwritten by the successor organization unless he enrolls in another plan under this Act."

"(2) Except as provided in paragraph (1) of this subsection, whenever a plan described under section 4(3) or 4(4) is or has been discontinued under this Act, the contingency reserve of that plan shall be credited to the contingency reserves of the plans continuing under this Act for the contract term following that in which termination occurs, each reserve to be credited in proportion to the amount of the subscription charges paid and accrued to the plan for the year of termination."

(14) Section 10(c) is amended to read as follows:

"(c) Any employee enrolled in a plan under this Act who is removed or suspended without pay and later reinstated or restored to duty on the ground that such removal or suspension was unjustified or unwarranted may, at his option, enroll as a new employee or have his coverage restored to the same extent and effect as though his removal or suspension had not taken place with appropriate adjustments made in contributions and claims."

Sec. 2. Paragraphs 4, 10, and 11 of section 1 shall take effect on the first day of the first period which begins at least ninety days after the date of enactment of this Act.

Mr. HUMPHREY. Mr. President, does the chairman of the committee wish to make an explanation of the bill?

Mr. JOHNSTON. Mr. President, the pending bill was reported to the full committee after hearings before the Subcommittee on Health Benefits and Life Insurance conducted by the distinguished Senator from West Virginia [Mr. RANDOLPH]. At this time I wish to pay tribute to him for his leadership in the consideration of this legislation. The bill comes to the Senate by the unanimous vote of the full committee. The bill amends certain features of the present act in order to improve the administration of such act, and incorporates new features which the committee felt were desirable. The cost will be approximately \$3 million.

One of the committee amendments eliminates the disparity between the amount the Government contributes to health insurance premiums for married female employees and other employees, which is only proper. The bill also includes foster children under family enrollment if they are living in a regular parent-child relationship.

There should be no strong opposition to the bill. The bill was introduced by me, and a number of corrections of the present law were proposed by the distinguished Senator from Kansas [Mr. CARLSON].

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. CARLSON. The Federal Employees Health Benefits Act of 1959 has been one of the most beneficial acts passed by Congress for the benefit of Federal workers. The operation of the program has demonstrated that a few changes would be in the interest of Federal employees, and that is the purpose of the bill. The bill contains several amendments affecting various phases of the statute. All of them are helpful.

Not only do I approve the bill; I endorse it thoroughly, and hope the Senate will pass it unanimously.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON. Mr. President, this program is one of the most far reaching and beneficial in the history of the Federal service. It is now serving 2 million employees plus 4 million family members. I have heard very little criticism of the entire program since it became effective.

Mr. President, I ask unanimous consent to insert in the RECORD a brief analysis which I have prepared on this bill.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

#### ANALYSIS OF S. 1561

A bill to amend the Federal Employees Health Benefits Act of 1959 to simplify administration of the act and correct certain inequities in the program.

#### STATEMENT

Paragraphs 1 and 2 would permit enrolled employees to continue their insurance while receiving employee's compensation even though the original injury necessitating compensation occurred prior to the effective date of the act.

Paragraph 3 would include foster children under family enrollment if they are living in a regular parent-child relationship. Presently, a foster child (an unadopted niece, grandchild, or minor brother or sister, et cetera) is not eligible for coverage.

\*Paragraphs 4, 10, and part of paragraph 11 would eliminate the discrimination against married women in respect to the contribution made by the Government toward their insurance premium. Under this provision, the Government would contribute the same amount as it contributes to married male employees for self-and-family coverage.

\*Paragraphs 5 and 6 would allow previously retired employees who did not have an opportunity to carry their health insurance into retirement (because of restrictive provisions in the 1959 act) to do so. This would operate retroactively only to those employees who had health insurance coverage at the time of their retirement, but had not been enrolled for 5 years, or had not enrolled at their first opportunity.

Paragraph 7 would authorize the Commission to terminate the health insurance contracts of carriers having fewer than 300 Federal employee members when such cancellation is considered in the best interests of the program, and when another health insurance plan of a similar kind is available for those employees who belong to the plan affected.

Paragraph 8 would eliminate the requirement that the Commission review and approve conversion contracts. The Commission has found this requirement administratively difficult and unnecessary.

Paragraph 9 eliminates the requirement that a conversion plan offer a cancellable contract. No cancellable contract has ever been requested by an employee.

Paragraph 10 has been discussed with paragraph 4.

Paragraph 11 would prevent the Government's contribution to health insurance from inadvertently exceeding 50 percent of premium costs. This would have no effect upon a subsequent determination by Congress that the Government's contribution should be increased.

Paragraph 12 would permit the Commission to transfer excess funds set aside for an administrative reserve fund to the contingency reserve funds of the individual plans. The Commission has found that the 1 percent of employee contributions required to be set aside for administrative reserve is excessive.

\*Paragraph 13 would permit the reserve funds of one plan to be transferred to a successor plan when employee organizations merge. A case in point is the mergers which led to the organization of the United Federation of Postal Clerks. Its predecessors had insurance plans, one of which had accumulated assets of approximately \$186,000. Under prevailing law, this money cannot be transferred to the new plan and used for the benefit of its members, many of whom

\*Amendment.

belonged to the predecessor organization. The Commission favors this solution to the problem.

Paragraph 13 would also provide for the orderly disposition of the contingency reserve of a discontinued plan, by stipulating that it shall be credited proportionately to the contingency reserves of other plans continuing in the program.

Paragraph 14 would allow an employee who has been restored to his position after wrongful removal to elect whether to pay for health insurance for the period during which he was removed, or to choose not to buy retroactive coverage. Under present law, such an employee is required to buy retroactive coverage, even though he may have had no medical expenses during the period.

Section 2 would allow Government payroll officers adequate time to prepare for the changes made by eliminating the contribution discrimination against married female employees.

#### COST

The estimated cost of equalizing coverage as between men and women is \$3 million per annum. The other amendments, the Commission estimates, will result in minor reductions in administrative expenses.

**THE PRESIDING OFFICER.** The bill is open to further amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

#### DISTRICT OF COLUMBIA APPROPRIATIONS, 1964

**Mr. HUMPHREY.** Mr. President, I move that the Senate proceed to the consideration of Calendar No. 609, H.R. 7431, the District of Columbia Appropriations bill.

**THE PRESIDING OFFICER.** The bill will be stated by title.

**THE LEGISLATIVE CLERK.** A bill (H.R. 7431) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1964, and for other purposes.

**THE PRESIDING OFFICER.** The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

**Mr. HUMPHREY.** Mr. President, the District of Columbia appropriations bill will be the pending business when the Senate reconvenes on Monday next.

With relation to the appropriations bill for the Government of the District of Columbia, I ask unanimous consent to have printed at this point in the RECORD a letter to the editor of the Washington Post, signed by Inabel B. Lindsay, dean of the School of Social Work, Howard University. The letter was also signed by 25 members of the faculty of the school of social work. The letter is entitled "Dependent Children."

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

#### DEPENDENT CHILDREN

We as professional social workers feel compelled to express our concern at the denial

of aid to dependent children who happen to have unemployed parents.

When the Social Security Act was passed in 1935, it reflected that stage in our national development when we as a nation went on record as believing that income maintenance was a national problem and responsibility. This action indicated once and for all that the individual, the city and State could no longer be expected to solve the problems of income maintenance singlehandedly.

The 1962 amendments to the Social Security Act set forth the sound objectives of strengthening of family life, prevention of social and family breakdown and rehabilitation in those cases where breakdown had occurred. Such objectives are not only in keeping with the humane principles of a democratic society but represent enlightened economic philosophy.

The national economy will thrive as more children have access to educational and vocational opportunities to fit them for productive citizenship in the Nation. On the other hand, the economy is not only currently burdened by high cost of institutional support for these unfortunate children, but stores up for itself future economic burdens of care for those unequipped for self-care.

As social workers, we have firsthand knowledge of the consequences of poverty and deprivation and are shocked and dismayed that the unemployed and underprivileged in the District of Columbia are denied access to the very programs available to those in like circumstances in more farsighted areas.

We note that the excuse offered by the chairman of the District Subcommittee of the Senate Appropriations Committee is that the District unemployment rate is too low to justify such a program here. Facts do not support this. Of the 15 States (as of October) with a program of aid to unemployed parents, 7 have rates equal to or less than that of the District of Columbia which has an estimated rate of 5 to 6 percent in its city area, as distinct from the metropolitan area. Even greater disparities would be evident if data were compiled on a census tract basis.

The children in the city precincts get just as hungry as those in the outlying precincts. Their parents are just as ambitious for them as the parents in the more privileged areas are for their children. If this program of Aid to Families of Dependent Children who are unlucky enough to have able-bodied but unemployed parents is defeated, this defeat denies the validity not only of the basic national concern for family maintenance but also the national concern about serious problems stemming in large measure from poverty. Poor school attendance, juvenile delinquency, and child health are among these problems for the treatment of which, important Federal programs have been inaugurated.

We urge that the entire membership of the Senate Appropriations Committee take a new look at the proposal to extend aid to unemployed parents which was outlined by the Director of the Department of Public Welfare in the recent hearings. We remind them that the children of these families will grow up to pay taxes, perhaps to give military service, and even, please God, to vote.

INABEL B. LINDSAY,

Dean, School of Social Work, Howard University.

WASHINGTON.

(This letter was also signed by 25 members of the faculty of the School of Social Work.)

#### THE SOCIAL CHRISTIANS OF VENEZUELA

**Mr. HUMPHREY.** Mr. President, I ask unanimous consent to have printed at this point in the RECORD an article en-

titled "The Social Christians," written by Rowland Evans and Robert Novak, and published in the Washington Post of October 23, 1963. The article relates to the activity of the Christian Democratic Party in Venezuela.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### THE SOCIAL CHRISTIANS

(By Rowland Evans and Robert Novak)

CARACAS, VENEZUELA.—The future of Venezuela may depend not so much on the army and police flushing out Communist terrorists as on a little publicized crusade by liberal Catholics to wean the nation's youth away from communism.

Copei, Venezuela's Social Christian Party and junior partner in President Romulo Betancourt's coalition government, is challenging Communist domination of the country's students, and with considerable success. The Social Christians have won control of the state universities at Maracaibo and Valencia and are running a close second to Communists at Caracas Central University, the staging center for the anti-Nixon riots in 1958.

Nor is the clash between communism and liberal Catholicism limited to Venezuela. Throughout Latin America, Social Christians comprise the one anti-Communist force that talks the heady, idealistic language of youth.

The college student, who has exerted disproportionate influence in Latin politics for a long time, is now the focal point of the hemisphere's subversive movements. Moscow and Havana have failed to subvert labor, peasants, or even slum dwellers. They rely on the student.

This reliance has become absolute in Venezuela, where one of every four college students is pro-Communist. Furthermore, these young men and women form the core of terrorist units and often spend their vacations fighting as guerrillas in the hills. These youthful bomb throwers include the very Venezuelans who ought to be the country's future leaders.

The son of one anti-Communist state governor is a Communist guerrilla in the Falcon Mountains. The daughter of one of President Betancourt's personal associates is a Communist terrorist in Caracas. The list goes on and on.

Special factors encourage the gravitation of Venezuelan youth toward communism. The 1952-58 dictatorship of Gen. Marcos Perez Jimenez concentrated on persecuting its democratic opposition—but let Communists run wild. As a result, they thoroughly infiltrated the faculties of universities and normal schools. The madcap provisional government that followed Perez Jimenez's fall compounded the damage by granting Central University an autonomy that makes it a sanctuary for subversives.

Even without this assistance, however, the Communists would be doing well enough with young Venezuelans. Latin America's middle-class young intellectuals are tormented by the poverty and social injustice they see everywhere. They want an easy answer. The Communists give it to them.

Certainly, these students derive little inspiration from Betancourt's Accion Democratica (AD) Party. AD's magnificent political machine probably will push a lackluster candidate to victory in the December 1 election to succeed Betancourt (who is barred by the constitution from another term). But AD would run poorly in a poll of students.

Founded a generation ago as a revolutionary Marxist party, AD has dropped most of its socialist trappings. When it expelled its pro-Communists in 1960, most of AD's youth went with them. It is today an unexciting, mildly liberal party of older men, who prefer



ornate offices in Miraflores Palace to launching crusades.

Not so the Social Christians. True, they cannot match the Communists and offer students the thrill of swaggering off to battle with a submachinegun. But they do offer social revolutionary doctrine to transform Venezuelan society. The Cope Party, organized in 1946 as a conservative clerical party, is well left of center today. Its youth is particularly suspicious of private enterprise, specifically American business "imperialism."

Naturally enough then not all anti-Communists here are overjoyed with the rise of the Social Christians. Parish priests imported from Spain and conservative members of the Catholic hierarchy are appalled. American businessmen (plus some staffers from the U.S. Embassy) would much prefer the emergence of a middle-class party supporting private enterprise, but that kind of party would be anathema to Venezuelan youth.

And no matter how much the radicalism of the Social Christians here may annoy Washington, they can be counted on to take a hard line against communism. That's no small assurance in Latin America today.

Mr. HUMPHREY. Mr. President, the article tells us a great deal about what is taking place in that part of the world. It is good reading for those of us who are vitally interested in the foreign aid bill.

#### WHAT EVERYBODY WANTS TO KNOW ABOUT DEFICIT SPENDING

Mr. METCALF. Mr. President, in 1781 Alexander Hamilton, a conservative in his time, said that "a national debt, if it is not excessive, will be to us a national blessing."

Deficit spending has been, as Hamilton so wisely said it could be, a national blessing. Without deficit spending—by both Government and industry—our country could never be, nor could it have become, the mighty entity that it is today.

Why then is deficit spending by the Federal Government so widely criticized? I suggest that it is because of a lack of full understanding of the economics that lie behind such financial policy. The theory of deficit spending is difficult to explain to the layman. Anything that is difficult to explain is easy to attack without fear of retaliation. The conservative organs take advantage of this weakness and continually harp about the alleged evils of deficit spending by our Federal Government.

The summer 1963 issue of the Montana Business Quarterly, published by the School of Business Administration at Montana State University, carried an article by Dr. Robert F. Wallace, professor of economics and chairman of the Department of Economics of Montana State University, entitled "What Everybody Wants To Know About Deficit Spending." This article, which might have been more appropriately entitled "What Everyone Should Know About Deficit Spending," explains with preciseness and clarity just what Hamilton was talking about so many years ago—how deficit spending is a national blessing.

As Dr. Paul B. Blomgren, director of the Bureau of Business and Economic Research and dean of the School of Business Administration, points out in an

introductory statement to this summer issue of the Quarterly, certain criteria must be met by articles before they will be published. He writes that:

The article must treat the subject matter in a thoughtful and thought-provoking manner. Facts and figures used in the article must be documented as to source \* \* \* statements of conclusions must be reasonably supported by the facts presented or be a logical possible result of the reasoning presented \* \* \* the articles must be readable, with a minimum of technical terms.

These criteria further substantiate the validity, reliability and integrity of this article by Dr. Wallace, a former professor at the Universities of Kansas, Michigan State, Washington State, and Minnesota.

Here are a few excerpts from Dr. Wallace's article which should interest all of us:

From 1946 to 1962, net private debt of corporations and individuals increased by 336 percent, while net Federal debt increased by 12 percent. A 429 percent increase in State and local debt suggests that if any public debt has been out of control, it is the debt of the folks back home and not that incurred by the bureaucrats in Washington. And, in daily references to "crushing taxes," how often does the press remind us that the only tax rates that have not been raised since the war, the only tax rates that have actually been reduced are those of the Federal Government for general revenue? Yet such are the facts as contrasted with the folklore.

A nation can get rich only by spending \* \* \* spending in turn depends on deficits and growing debt \* \* \* spending, which creates income and output, cannot be maintained without continuing deficits.

If the deficit units by their spending return to the income stream less than the surplus units take out of the stream, the total level of spending and income must fall. It is this fact which explains the necessity for deficits.

If the savings of the surplus units who spend less than they receive are not borrowed and spent for investment by deficit units who spend more than they receive, the funds withheld are lost from the income stream. If this happens, total spending, income, and output must fall by an amount exactly equal to the excess of the total surpluses over the total deficits.

The concept of a Government debt skyrocketing out of control is pure folklore. The facts simply do not support it.

America's fears of deficits and debt could keep the country from carrying out production programs of which it is fully capable.

Just these few quotations lead me to recommend this article to anyone who wants to be better informed on this subject and especially to the critics of deficit

spending. A more authoritative documentary explanation of deficit spending written in the layman's language could hardly be found.

The timeliness of the article, in light of the urging of many to cut spending before cutting taxes, cannot be denied.

Mr. President, if there is no objection, I ask that the article by Dr. Wallace be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### WHAT EVERYBODY WANTS TO KNOW ABOUT DEFICIT SPENDING

(By Robert F. Wallace, chairman, Department of Economics, Montana State University, Missoula)

When the practical man reads that the President's proposed tax cut is purposely planned to create a deliberate budgetary deficit, he is quite naturally puzzled. Such a proposal violates commonsense. Surely no individual or household can spend itself rich; nor can it continue forever to incur deficits which result in an ever larger debt which is never to be repaid. Yet for the whole Nation, strange as it may seem, exactly the opposite is true. A nation can enrich itself only by spending. Moreover, if a nation's deficits are too small and its total debts, both public and private, grow too slowly, that nation's income, output, and employment will surely decline. Actual reduction in total debt would result in major disaster. This occurred in the United States on a grand scale only from 1930 to 1933, the period known as the great depression. By contrast, from 1946 to 1962, an era of unequaled prosperity, our total debt increased from less than \$400 billion to more than \$1,000 billion.<sup>1</sup>

These are not opinions, but rather the elementary facts of our national accounts, the ABC's of economics. But the unfortunate situation is that most people have not had an opportunity to study the relevant relationships in a systematic fashion; nor are they familiar with the sources of statistical information which would enable them to test impressions and opinions against facts. The result is that popular concepts, at variance with readily verifiable facts, interfere with meaningful discussion of this crucial problem of public policy. For example, the popular conception of recent trends in Federal debt may perhaps be fairly described as follows: While private businesses and individuals have been conducting their financial affairs in a generally careful and circumspect manner, uncontrolled Government spending, especially at the Federal level, has caused huge deficits resulting in what Time magazine calls, "the bloating national debt."<sup>2</sup>

<sup>1</sup> See table 1.

<sup>2</sup> Jan. 25, 1963, p. 12.

TABLE 1.—Some comparisons of debt, 1946-62

[In billions of dollars]

| Year                           | Gross national product | Federal Government debt (net) | Federal debt as percent of GNP (net) | Federal Government debt (gross) | State and local government debt (net) | Private debt (net) | Total net debt | American Telephone & Telegraph Co. debt | All commercial bank deposits |
|--------------------------------|------------------------|-------------------------------|--------------------------------------|---------------------------------|---------------------------------------|--------------------|----------------|---|------------------------------|
| 1946.....                      | 210.7                  | 229.7                         | 109                                  | 259.5                           | 13.6                                  | 154.1              | 397.4          | 1.7                                     | 139.0                        |
| 1962.....                      | 553.9                  | 256.8                         | 46                                   | 304.0                           | 72.0                                  | 671.9              | 1,006.7        | 8.2                                     | 256.1                        |
| Percent increase, 1946-62..... | 163                    | 12                            | -----                                | 17                              | 429                                   | 336                | 152            | 382                                     | 84                           |

Source: "Economic Report of the President", transmitted to the Congress, January 1963, pp. 171, 234-235. Federal Reserve Bulletin, January 1950, p. 61, January 1963, p. 38. Moody's Public Utility Manual and the Wall Street Journal, Feb. 20, 1963, p. 4.

Some of the facts, as opposed to popular concepts, are shown in table 1. There it may be seen that from 1946 to 1962, net private debt of corporations and individuals increased by 336 percent, while net Federal debt increased by 12 percent. A 429-percent increase in State and local debt suggests that if any public debt has been out of control it is the debt of the folks back home and not that incurred by the bureaucrats in Washington. And, in daily references to "crushing taxes," how often does the press remind us that the only tax rates that have not been raised since the war, the only tax rates that have actually been reduced, are those of the Federal Government for general revenue? Yet such are the facts as contrasted with the folklore. The result is that public debate of planned deficit spending seldom involves the real issues.

The frequently absurd pronouncements of the practical man are received by professional economists with feelings ranging all the way from tolerant amusement to despair, depending on the prominence of the speaker. The practical man, drawing on the usually reliable lessons of personal experience, seeks to relate national conduct to principles which are unquestionably valid in the management of a household, or a corner grocery store. He sees in the opposing position at best, material for ridicule and, at worst, moral decay. Like Henny Penny who, according to nursery tradition, panicked the other barnyard fowls with her cry, "The sky is falling," he has been shouting in the streets for 30 years that our financial skies are falling, or at least in danger of falling. But unlike Ducky Lucky and Turkey Turkey, his listeners have paid no attention whatever to his warning. Meanwhile disaster has appeared to recede into the distance as the Nation grows steadily in wealth and income. Evidently other more pragmatic men are willing to accept present bliss at the cost of eventual perdition, especially since the day of reckoning seems indefinitely postponed.

The most unfortunate aspect of the situation is not merely that formal logical error invalidates the particular objections which the practical man chooses to make, though this is usually the case. The pity is that he is wrong when he might be right, that he makes little if any contribution when there is much that he could contribute. Economic analysis reveals that there may be valid grounds for his objections, or at least that there may be other solutions which could remove or minimize the economic stagnation which is the heart of the problem. But unfamiliarity with relevant principles causes him to make the wrong objections on the wrong grounds and involves him in gross logical error which his professional adversaries are not slow to point out. Thus his considerable ability is wasted on false issues while important questions of public policy are neglected or at least not related to the matter of Federal deficits to which they may be highly relevant. Our friend has brought down no birds these 30 years, for the simple reason that he has been firing blanks. But the birds are there.

In this article the reader is asked to lay aside temporarily the value judgments drawn from personal experience and, for the sake of analysis, to look at the world from what may be an unfamiliar point of view. Like the churchmen who were outraged by Galileo's denial that the sun moves around the earth, he may feel that he is being asked not to believe his own eyes. What, then, is this strange logic? How can we spend ourselves rich? How can unending deficits and their consequence, ever growing debts, be essential to the economic health of a nation?

#### THE ROLE OF SPENDING

We begin with a simple fact on which all can agree. Our real national income in any

given year can be no more than the total of all the goods and services produced during that year. We call it our gross national product, or simply GNP. In order to measure the product we could conceivably take an inventory and list it item by item. But the bewildering variety and astronomical numbers involved would soon demonstrate the impracticability of this method. We might try weighing everything or perhaps estimating cubic content, but such reckoning would, of course, be meaningless. The only meaningful measure is in dollars and cents. We only ask, "What was paid for it?"

Thus at the very outset we see an essential relation between total output and total spending. Spending is our measure of output. Output is defined in terms of spending. But the relationship goes deeper. There is a causal connection. Spending creates or causes output since it is clear that nobody produces anything in a free market system, unless he is paid for it. And here another key relationship becomes apparent. Spending creates income as well as output. Nobody can receive money income unless someone else has spent money. The fundamental relationships can therefore be summarized by the undeniable proposition that spending creates income and output. They can be generated in no other way. Spending is just another word for what economists call demand. What businessmen call sales (their source of income) obviously depends on the spending of their customers.

Recognition of these basic facts immediately throws a different light on national spending habits. When we see the statement that the American people are on a sort of spree, spending more and more every year, this is no cause for alarm. On the contrary, we can only breathe a fervent, "Thank Heaven." For if our total spending stops growing, our production and sales stop growing. The Nation stops growing.

These are the fundamental accounting principles on the basis of which national income and output are measured by the U.S. Department of Commerce and by the governments of all nations on both sides of the Iron Curtain. If the reader picks up a copy of the Federal Reserve Bulletin, available at every national bank, or the Survey of Current Business, found in most libraries, he can himself verify the procedures described here. He will find the gross national product table labeled "Gross national product or expenditure."

TABLE 2.—National income and expenditure, 1962

| [Billions of dollars]   |       |
|---|-------|
| Income receipts:  |       |
| Compensation of employees.....                                      | 321.6 |
| Proprietors' income.....  | 49.8  |
| Business and professional.....                                      | 36.8  |
| Farm.....   | 13.0  |
| Rental income of persons.....                                       | 12.8  |
| Corporate profits.....  | 51.0  |
| Net interest.....   | 22.2  |
| Capital consumption allowance.....                                  | 47.6  |
| Indirect business tax liability.....                                | 51.6  |
| Business transfer payments.....                                     | 2.1   |
| Statistical discrepancy and adjustments.....                        | -4.8  |
| Charges against gross national product (gross national income)..... | 553.9 |
| Expenditures:   |       |
| Personal consumption expenditure.....                               | 356.7 |
| Goods.....  | 209.5 |
| Services.....   | 147.1 |
| Gross private investment.....                                       | 79.9  |
| Domestic.....   | 76.6  |
| Foreign.....  | 3.3   |

TABLE 2.—National income and expenditure, 1962—Continued

| [Billions of dollars]                           |       |
|---|-------|
| Expenditures—Continued                          |       |
| Government purchases of goods and services..... | 117.3 |
| Federal.....                                    | 62.3  |
| State and local.....                            | 55.0  |
| Gross national product or expenditure.....      | 553.9 |

NOTE.—Totals may not add due to rounding.

Source: Adapted from Federal Reserve Bulletin, February 1963, pp. 260-261.

It is convenient for analytical purposes to separate the total spending into three classes: (1) spending by consumers for consumer goods and services, (2) spending by investors for additions to our real capital wealth, and (3) spending by Government for goods and services. The total spending represents payment for the gross national product and can be traced to the various recipients as income, or alternatively, as charges against the total output. As an example, the actual record for the United States in 1962 is shown in table 2, which presents a highly simplified summary of the national income and product accounts for that year.

#### THE ROLE OF DEFICIT SPENDING AND DEBT

Having demonstrated the point that a nation can get rich only by spending—in fact under a free market system could not produce so much as a toothpick without spending—we must now show the extent to which spending in turn depends on deficits and growing debt. We shall demonstrate the fact that spending, which creates income and output, cannot be maintained without continuing deficits. At the outset, in order to clarify general principles, we shall consider not merely Federal Government deficits, but total deficits, including Government. The Government is only one of many possible deficit spenders among the various economic units. In fact, as pointed out earlier, its deficits since World War II have represented only a tiny proportion of total deficits of all economic units. After analyzing the deficit operations of economic units—individuals, business enterprises, and Government—we may then ask what special characteristics, if any, may be attributed to those of the Federal Government.

We start with the proposition that the income of each and every economic unit is the result of spending by other units and that the aggregate income of all economic units is therefore equal to the total spending of a given period, say, a year.

With the exception of a negligibly few economic units whose income in a given period is exactly equal to expenditure all units can be divided into two classes, surplus units and deficit units. Since the operations of the few balanced budget units are completely neutral in their effect on total spending, tending neither to increase it nor to decrease it, their influence may be ignored in our analysis. Therefore subject to the exception noted, every individual, business enterprise, or government must fit into one of these two classes. Either the economic unit spends less than its income and is a surplus unit, or it spends more and is a deficit unit. And income is, of course, the point of reference since, obviously, the concept of a surplus or deficit has no meaning except as it relates to an income of a given size during a given accounting period.

At this point the consequences of a corollary fact must be noted. Just as the income of a particular economic unit depends on the spending of other units, so the spending of each unit creates income for others. The related role of surplus and



deficit units now becomes apparent. Surplus units receive or take out from the income stream more than they put back. Deficit units put into the income stream more than they take out. Thus we note a fundamental accounting identity: In a national income of a given size total deficits are necessarily exactly equal to total surpluses. The key importance of this identity is that it enables us to grasp the following fact: If the deficit units by their spending return to the income stream less than the surplus units take out of the stream, the total level of spending and income must fall. It is this fact which explains the necessity for deficits.

Now let us state these formal accounting relationships in more familiar language. The surpluses are more commonly known as savings and the deficits as investment spending. Money saved represents a withdrawal from the income stream. The impact of such savings, or nonspending, taken by itself is deflationary. The effect is to reduce sales and the demand for goods. Other things being equal, it is clear that these savings must cause the spending stream to drop unless there is some way to put them back.

The way in which the surplus funds of the savers usually get back into the spending-income stream is for the deficit units to borrow the savings and spend them for the production of real investment assets—new plants, new machines, larger inventory, and other actual additions to the Nation's wealth.

The necessity for continuous deficits and ever growing debt now becomes clear. If the savings of the surplus units who spend less than they receive are not borrowed and spent for investment by deficit units who spend more than they receive, the funds withheld are lost from the income stream. If this happens total spending, income, and output must fall by an amount exactly equal to the excess of the total surpluses over the total deficits. Since savers do not usually spend their own savings to produce capital goods but instead lend them to business enterprises which spend the funds for construction of such new equipment, the process necessarily involves borrowing and lending, usually with the aid of a wide variety of financial intermediary institutions such as commercial and investment banks, savings and loan associations, and insurance companies. The essential point is that except for savers who do their own investment spending, every new act of saving and lending, which results in spending for economic growth necessarily involves an addition to total debt.

A note of explanation regarding terminology is necessary here. By investment we do not mean what the average person thinks of as investment. Investment here means actual spending for the construction of a capital asset, or the acquisition of new inventory which also adds to wealth. By savings we mean funds withheld from spending for consumption and made available for production of new capital. What most people call their "investments" are really savings in the economic sense. When a saver purchases a security, a savings and loan share, or an insurance policy, or deposits his money in a bank this does not necessarily mean that these savings will actually be spent to produce new investment goods.

In fact, this is the heart of the problem. Savings decisions and investment decisions in the economic sense are not made by the same people. Every person with income must decide whether or not to save and, if so, how much. But decisions to invest are made only by the relatively few people responsible for the management of American free enterprise. If a saver buys a secondhand security the money will not be returned to the income stream and nothing will be added to the Nation's wealth if the seller uses the proceeds to increase his liquidity. No investment takes place in the economic sense un-

less the security has been newly issued by an enterprise which spends the money to produce actual new capital goods. In the same way funds "invested" in a savings deposit result in no real investment if the bank simply allows its reserve ratio to increase. Deflationary, sales-destroying surpluses of savers are redeemed for the income stream only when enterprises acting as deficit units borrow these funds and spend them for construction of real additions to our wealth. This conclusion is probably consistent with the intuitive feeling of most readers that the Nation's real wealth cannot be increased merely by passing financial instruments from hand to hand.

The only exception to the necessity for borrowing relates to the savings of individuals and businesses who themselves spend for investment assets. If a man saves enough money during the year to add a room to his house he has both saved and invested. There is no effect on total spending or income. The substantial retained earnings which American corporations invest in new plant and equipment constitute a more important example. In such cases the problem considered here does not arise. The saver himself spends for investment. However, most savings get back into the income stream only when deficit units through financial intermediaries borrow and spend them.

The mystery of a healthy economy in spite of skyrocketing debt need no longer puzzle us. Growing debt is clearly essential to continued health. A nation cannot get richer without saving, any more than an individual can. We cannot grow if all of our output is consumed each year. Savers, by abstaining from spending a part of their incomes, in effect release some of the nation's resources from the production of consumer goods. The resources so released are thereby made available to enterprises for producing capital goods which add to the nation's wealth. But if enterprises as deficit units do not borrow the unspent funds and hence do not use them to produce investment goods, efforts to save become abortive. The resources released from production of consumer goods are simply unemployed. There can be no real savings without corresponding investment, that is, deficit spending. A nation's real savings, the real increases in its wealth during a given year, cannot be more than that part of its total output which it did not consume. In other words, the investment goods which it produces above and beyond the things consumed are a measure both of its savings and of its investment. Efforts to save more than enterprises are willing to borrow and invest simply result in reduced income, output, employment, and profits. Hence the amount of saving a nation can do without impoverishing itself is limited by the total amount of deficits which it finds desirable and profitable to incur. "Thus, thrift may be the handmaid and nurse of enterprise. But equally she may not. And, perhaps, even usually she is not. For enterprise is connected with thrift not directly but at one remove; and the link which should join them is frequently missing. For the engine which drives enterprise is not thrift, but profit."<sup>3</sup> We conclude that if continued deficits and growing debt are "unnecessary" this is true only in the sense that unemployment, unsold goods, business losses, and decreasing rates of growth offer an alternative.

#### A DEFICIT SPENDING MODEL

A simple arithmetical model of an imaginary nation's economic system will help make the above points clear. Let us first consider the operations of a system where there is no government activity at all, just as in the discussion above we made no distinction between government and other

spending activity. Having examined the basic properties of a private enterprise system without government we can add government activity later and note whatever changes it may introduce.

Money can be spent in only two ways: For consumption,  $C$ , and for investment,  $I$ , so that  $C$  plus  $I$  equals total spending which of course equals total income,  $Y$ , and in turn measures gross national product,  $GNP$ . Hence,

$$C + I = Y = GNP.$$

This can be read, "gross national expenditure equals gross national income equals gross national product." The reader will recognize that except for the absence of Government expenditure this is in the format of table 2 taken from the Federal Reserve Bulletin. The Nation's income is generated by the two kinds of spending; but, once received, its disposition is a different matter. Since there are no taxes, the people can dispose of their income,  $Y$ , in only two ways: Either it is spent for consumption,  $C$ , or it is saved,  $S$ , so that,

$$Y - C = S, \text{ or } Y = C + S.$$

Note that decisions to save or consume are made by everyone who has income to dispose of while the decisions to spend for investment goods,  $I$ , are made only by a relatively small group of people. They are the owners and managers of business enterprises and the amount of the investment spending they plan to do will depend on their estimates of the prospects for realizing a profit from such investment spending.

Since these two groups do not include all of the same people it would be the merest accident if total plans to save were equal to total plans to invest. Yet we have noted that real savings cannot be different from real investment. They are in fact two words for the same thing. Also it is clear from our income creation equation

$$C + I = Y$$

and from our income disposal equation

$$C + S = Y$$

that  $S$  and  $I$  must be equal to each other. But they are equal only in the ex post, or realized sense. In an ex ante or planned sense, as noted above, plans to save may differ from plans to invest. At this point we may recall the accounting identity which states that with an income of a given size total surpluses are necessarily exactly equal to total deficits. Income has no volition or life of its own. It is the result of spending decisions by human beings exercising volition. Income is the resultant. Thus is in the ex post sense. To explain income and output we have to account for the spending decisions which cause them to be what they are. This will become apparent as we examine the operations of model I below. The Nation begins each income period, a week, a month, or a year, with a certain income which has been generated by the two types of spending. The people can then dispose of that income either by spending it for consumption or by withholding it as savings. Planned or expected magnitudes are on the left side of our model. Actual or realized magnitudes and resulting debt are shown on the right. On the left, or plans, side we find the peoples' plans to dispose of a given income, the relevant relationship being summarized by the column headings,  $Y - C = S$ . Plans to invest are shown under the column headed  $I$ . Of the four planned or expected magnitudes only  $C$  and  $I$  are solid, for they involve spending decisions which the individuals have power to make. Nobody can really say for certain and in advance what his income or savings will be in the end. But he can decide to spend. Under the actual or realized magnitudes the key relationships are again summarized by the column headings  $C + I = Y$ . In other words income depends on spending and nothing else. If it makes the analysis clearer the reader may,

<sup>3</sup> Keynes, John Maynard, "A Treatise on Money," vol. II, Harcourt, Brace & Co., New York, 1930, p. 140.

if he wishes, assume that planned income at the beginning of each period is the income actually earned during the previous period and available for disposal in the current period. This is perhaps the most simple possible assumption and is also realistic since the income available for disposition in a given period usually depends on what was earned in a previous period. However, there is no reason why greater or lesser income could not be expected, with spending

plans modified accordingly. The arrows connecting the two Y's are meant to show that we make here the simplifying assumption that people plan to spend or save in the current period what was received or earned in the last. The periods assumed here are "years" though obviously they could as well be "weeks" or "months." In order to simplify the analysis we assume that there is no growth in population and no advance in technology.

Model I

[Billions of dollars]

| Year | Planned or expected amounts |     |     |     | Realized or actual amounts |     |     |     | Change<br>S in debt | Total<br>debt |
|------|-----------------------------|-----|-----|-----|----------------------------|-----|-----|-----|---------------------|---------------|
|      | Y                           | C   | S   | I   | C                          | I   | Y   |     |                     |               |
| 1    | 500                         | 400 | 100 | 100 | 400                        | 100 | 500 | 100 | +100                | 100           |
| 2    | 500                         | 400 | 100 | 100 | 400                        | 100 | 500 | 100 | +100                | 200           |
| 3    | 500                         | 400 | 100 | 80  | 400                        | 80  | 480 | 80  | + 80                | 280           |
| 2    | 500                         | 400 | 100 | 100 | 400                        | 100 | 500 | 100 | +100                | 200           |
| 3a   | 500                         | 400 | 400 | 120 | 400                        | 120 | 520 | 120 | +120                | 320           |

During the first two periods, everything runs smoothly since it is assumed that planned surpluses do not exceed planned deficits. Each year the \$100 billion of savings are borrowed by the investors and returned to the income stream. Because income holds up, planned money savings of \$100 billion result in real savings for the country, as actual capital goods are produced in the amount of \$100 billion. Since this is the amount saved and lent, debt rises by \$100 billion each year as a necessary result.

In year 3, things go wrong. Plans to consume and save are unchanged but, for whatever reason, estimates of profit opportunities deteriorate and investors plan to spend only \$80 billion. Since only spending counts, income must drop too. But actual real savings cannot be more than \$80 billion if only \$80 billion is spent for construction of new capital goods. Additions to real wealth cannot exceed the difference between total production and consumption. How can this be so if the savers actually saved \$100 billion and can show securities, deposit slips, and similar instruments to prove it? The answer is that a part of these savings, \$20 billion to be exact, were offset by losses, mainly negative profits, of those who suffered declining income. We are concerned with the total savings of the Nation, and in computing the net change we must take into account the losses as well as the gains. Income has fallen to \$480 billion and these losses have made the sum of total surpluses exactly equal to the sum of total deficits as it must be. Total demand has fallen by \$20 billion compared with year 2, productive resources capable of producing \$20 billion in output are wasted in unemployment and, of course, the foregone output is lost forever.

Let us now consider what would happen if the managers of business enterprises see such favorable prospects for profit that in year 3 they plan to invest \$120 billion, while consumers still plan to spend \$400 billion and save only \$100 billion.

In order to show the effects of such a development all of the magnitudes for year 2 are duplicated in the table, the only difference being in our alternate assumptions for year 3 which is designated 3a. The results are just the opposite of those which followed when plans to invest fell short of planned savings. Since actual spending is now increased by \$20 billion, total demand, in other words total spending, has risen to \$520 billion. Debt has of course increased by \$120 billion instead of \$100 billion. If population growth and advancement of

technology have provided corresponding additional productive resources, the increased spending results in real increases in output. On the other hand, if corresponding productive resources are not forthcoming, increased spending cannot cause increased output. It only raises the price tag. We get not more goods but only more expensive goods. We call it inflation. In either case the increased investment spending causes savings to be increased correspondingly as money incomes increase beyond expectations. These are real savings if increased output has been possible. If not their real value has been dissipated by higher prices.

The workings of the model have now clarified its essential properties as they relate to spending, deficits, and debt. To maintain an income of a given size, total deficits in each year must be exactly equal to total surpluses for that year and, of course, each year's deficit adds an equal amount to debt. Deficits equal to surpluses will only maintain a given level of income from year to year. Income will not fall but it will not rise either. This would be a static world. In the real world where growing population and advances in technology make possible ever-growing output, total spending must increase from year to year. To provide higher levels of spending, planned deficits must grow in size each year and must be greater than planned surpluses. The ever larger deficits in excess of planned savings are financed by the banking system which creates new money for the purpose. However, mere willingness of the banking system to lend does not assure that adequate additional money will be borrowed and spent. Deficit spenders must see advantage in such borrowing and this means that they must have reasonable expectations of profit. The appropriate rate of increase in money supply and in the level of spending depends upon how rapidly corresponding increases in real output are possible. If money supply and spending grow more rapidly than the rate at which new productive resources become available we have inflation. On the other hand, if they grow more slowly than population and other resources we have rising rates of unemployment and economic stagnation. Thus we see that spending, deficits, and debt in a free market society may grow either too rapidly or too slowly, but grow they must. It was only for the purpose of clarifying the role of deficits and surpluses in our model that we made the assumption of fixed population and static technology.

## THE ROLE OF GOVERNMENT DEFICITS

We have seen that a free enterprise market economy cannot operate and grow without deficits and expanding debt. It has also become clear that since the rate of growth of deficits and debt is determined by the independent decisions of millions of free individuals subject to no central planning or control, deficits may grow either too slowly, in which case we have recession, or too rapidly, in which case we have inflation. This is simply a description of the manner in which our economy operates. It is based on accounting identities and involves no value judgments or moral principles. For good or ill, it is the way things are. We have seen that this is so even in the absence of any government at all. In contrast to model I where no government existed let us now introduce government operations into the picture.

First we must note the relationship between government deficits and surpluses and those of the private economy. Let government spending be represented by  $G$  and taxes by  $T$ . Then as we saw in table 2 which presented national income data for 1962 the spending-income equation for the real world includes government spending and must be written,

$$C + I + G = Y.$$

In the real world we also note that since people must pay taxes they cannot devote all of their income either to consumption or savings. They can spend for consumption only what is left after paying taxes. Planned savings will be the remainder. The real world income disposal equation can therefore be written,

$$Y - T - C = S, \text{ or } C + S + T = Y.$$

Now if

$$C + I + G = Y$$

and if

$$C + S + T = Y$$

it follows that, being equal to the same thing, they are necessarily equal to each other. We can then write

$$C + I + G = C + S + T.$$

Removing the  $C$ 's by cancellation we get

$$I + G = S + T$$

Changing the sign of our  $T$  and bringing it over with the  $G$  in order to place Government spending and taxes together we get

$$I + (G - T) = S.$$

This is our fundamental deficit-surplus equation for the whole economy where Government deficits and surpluses are taken into account along with those of the private sector. Like our original deficit-surplus equation,  $I = S$ , it is purely descriptive. It is also an accounting identity involving no value judgments or questions of right and wrong, desirable or undesirable. If Government spending exceeds taxes we have a Government deficit. In this case  $(G - T)$  is positive and is added to  $I$ , the private deficit, thereby increasing the total flow of spending. Together the two represent the total deficit which must equal  $S$ , the total surplus. On the other hand, if tax receipts exceed Government spending we have a budgetary surplus. In the equation this surplus, which actually represents Government savings, will have a negative sign and will be subtracted from  $I$ , the private deficits. Such a surplus is, of course, an offset to private deficit spending and like any savings tends to be deflationary. Thus in a period when private deficits grow too rapidly and tend to create inflationary pressures, a Government surplus, by withholding from the income stream more than it puts back, can be used to exercise a dampening effect on total demand and is anti-inflationary.

Let us now organize our model in a more realistic format in which Government taxing and spending operations are included. As in model I, the column headings indicate rele-



vant relationships. It is again assumed that spending plans are related to income earned in the previous period. An important difference in regard to plans is that planned consumption will bear an inverse relationship to taxes. The lower the taxes, the more consumers are able to spend. Since plans to invest depend on prospects for profit, which in turn have some relationship to consumer spending, it is likely that plans to invest will also be stimulated by tax reductions and repressed by tax increases. However, in order to clarify the workings of our model, let us first make the simplifying assumption that only consumption plans are affected by tax changes. We shall also assume the most favorable possible situation from the Government's viewpoint; namely, that all of any new consumer income made available by a tax cut will be spent on consumption, and that none of it will be added to savings (although there is clearly the possibility, or even likelihood, that some may be saved). It is also likely that investment plans may be directly stimulated by tax cuts, but we leave this possibility aside for the moment. For the sake of simplicity we again assume static population and technology.

Everything here operates in much the same way as in the more simple model where Government was absent. In the first model, the people used their money to buy the output of private enterprises and received in exchange finished consumer goods or titles to capital goods. Unless they could buy such things from private firms, there were no roads, no schools, no courts, no police, no fire departments, no sanitary facilities, no mail service, no military establishment, nor any other public services. In our real world model the people are able to buy such services from the Government. In addition to the goods and services purchased from the private sector of the economy by paying cash or credit, the people now buy these other things from the public sector by paying taxes. The main difference is that whereas the things people buy at the "private store" are determined by daily voting (in the form of dollars); what they buy at the public store is determined by less frequent voting. But, of course, in either case the effect is the same. The people themselves determine how much they wish to obtain from private enterprise in exchange for cash or credit and how much from Government in exchange for taxes.

But, now let us note an important difference in the two models. In model I total deficits and surpluses resulted from the independent decisions of millions of free individuals. If plans to invest were inadequate to absorb planned savings the result was that spending, income, and output inevitably fell, causing unemployment and recession. When planned deficits grew more rapidly than planned surpluses, spending increased and, if productive resources were not forthcoming at corresponding rates, inflation was the result. In the real world, since Government is also able to run deficits or surpluses, its fiscal operations afford a possible cushion against the undesirable effects of excessive private deficit or surpluses.

Turning now to developments in model II, we assume that, as in model I, everything goes smoothly during the first 2 years. Planned private deficits equal to planned private surpluses maintain the level of spending and income. Since the Government budget is balanced at \$100 billion, there is no Government deficit or surplus, and this, of course, is as it should be if the stability of the economy is not to be disturbed. A balanced budget in this situation is necessary. Government debt is zero and remains zero. Total debt, still made up entirely of private debt, increases by \$100 billion each year, the rate necessary to absorb private surpluses. But again in the third year things are as-

sumed to go wrong. Private deficit spending of \$80 billion is insufficient to absorb planned private surpluses of \$100 billion, and, since the Government continues to maintain a balanced budget, there is no public deficit to absorb the excess surpluses. Therefore, total spending, income, output, and the rate of growth of debt all fall by \$20 billion, the amount by which planned surpluses exceed planned deficits.

Now consider the lower section of model II where we again reproduce years 2 and 3, but with a different fiscal policy. Private deficit

spending has declined, but in this case the Government does not maintain a balanced budget. In order to offset a decline of \$20 billion in private deficits it cuts taxes by \$20 billion, thereby incurring a public deficit of \$20 billion. Thus total deficits, including Government deficit, are equal to total planned surpluses and the spending income stream is maintained. Though private debt falls to grow at the requisite rate of \$100 billion per year, increasing public debt fills the gap and maintains the rate of total spending and total demand undiminished.

### Model II

[Billions of dollars]

| Year    | Planned or expected amounts |     |                 |     |     | Realized or actual amounts |     |     |                 |     | Government debt | Private debt | Total debt |
|---------|-----------------------------|-----|-----------------|-----|-----|----------------------------|-----|-----|-----------------|-----|-----------------|--------------|------------|
|         | $Y - T - C = S$             | $I$ | $C + I + G = Y$ | $S$ | $I$ | $C + I + G = Y$            | $S$ | $I$ | $C + I + G = Y$ | $S$ |                 |              |            |
| 1.....  | 600                         | 100 | 400             | 100 | 100 | 400                        | 100 | 100 | 600             | 100 | 0               | 100          | 100        |
| 2.....  | 600                         | 100 | 400             | 100 | 100 | 400                        | 100 | 100 | 600             | 100 | 0               | 200          | 200        |
| 3.....  | 600                         | 100 | 400             | 100 | 80  | 400                        | 80  | 100 | 580             | 80  | 0               | 280          | 280        |
| 2.....  | 600                         | 100 | 400             | 100 | 100 | 400                        | 100 | 100 | 600             | 100 | 0               | 200          | 200        |
| 3a..... | 600                         | 80  | 420             | 100 | 80  | 420                        | 80  | 100 | 600             | 100 | 20              | 280          | 300        |

According to the assumptions made earlier, all of the increased disposable income made available by the tax cut is used to increase consumption spending. In the real world, as noted earlier, some of the increase in disposable income would certainly be used to pay debts or to increase savings. To the extent that this occurs, an even greater tax cut and a larger Government deficit would be necessary in order to maintain the original level of spending. Although cutting taxes might at first seem to be a more conservative way to create a deficit than by increased Government spending, the fact is that a given change in the level of income can be achieved by a smaller deficit if it is accomplished through a change in spending. A billion dollar increase in Government spending adds a billion dollars directly to the income stream, but part of a billion dollar tax cut will be saved or used to pay debts.

The assumption that all income freed by the tax cut went into additional consumption was made only to simplify the arithmetic. In all probability some would go into increased investment spending. In the real world, the actual distribution between additional consumption and additional investment would depend on a wide variety of factors such as the distribution of the tax cut benefits, consumer optimism or pessimism, business estimates of profit prospects, and probably even the public attitude toward Government deficit spending and public debt.

The role of Government deficits can now be summarized in the same mechanical accounting terminology employed in describing deficits in general. Provided that planned private deficits are inadequate to absorb planned private surpluses, the alternative to a Government deficit sufficient to absorb the difference is declining income output, and employment. This proposition is a purely descriptive statement of fact in which no matter of opinion or value judgment is involved. The point is that there must be total deficits of a given size somewhere in the economy if total spending and total demand are to be maintained. Hence, if sufficient deficits cannot be coaxed from the private sector, either these deficits must appear in the public sector or spending, income, and output inevitably will decline. Business sales will fall, profits will disappear and goods will remain unsold. In this situation the public must understand that either Government deficit spending or un-

employment and recession are inescapable alternatives. The only value judgment involved is in the determination of which is to be preferred. But, since it is a value judgment, the economist as economist cannot decide for the people which is the better choice. His only function is to let people know where each of the two paths leads.

### GOVERNMENT DEFICITS: PLAN OR NO PLAN

Up to this point the term "planned Government deficit" has been used in a context which implied a deliberate and conscious adjustment of the Federal budget to offset excessive or inadequate private deficits. The idea was that since planned private deficits and surpluses are the product of decentralized decisionmaking it would be mainly accidental if they happened to occur regularly in just the right amounts to maintain full employment without inflation. Hence approximately "right" total amounts could be assured by central planning of Government deficits or surpluses which would provide the necessary increases or decreases in the spending stream. As an interpretation of actual Government policy in modern United States, such a concept would be naive indeed. Such has not been the case. It is true that President Roosevelt experimented with small planned deficits during parts of his first two terms. But he was not firmly convinced of the wisdom of such policies, and as a result refused to use most of the great powers given him by the Thomas rider to the farm bill in 1933. During his 8 years in office prior to 1941, most of his budget deficits were not markedly larger than the last deficit of \$2.7 billion incurred by President Hoover; two were smaller, \$2.6 and \$1.2 billion, and two were about the same size. The largest was \$4.4 billion in 1936.<sup>4</sup> In the face of the threat posed by a business recession, President Eisenhower in 1954 recognized the basic concepts in a remarkable statement:

"The fourth principle is to act promptly and vigorously if economic conditions require it. The Government will not hesitate to make greater use of monetary, debt management, and credit policy, including liberalized use of Federal Insurance of private obligations, or to modify the tax structure, or to reduce taxes, or to expand on a large scale useful public works, or to take any other

<sup>4</sup> Economic Report of the President, transmitted to the Congress January 1963, p. 238.

steps that may be necessary. The Government must and will be ready to deal with any contingencies that may arise. An essential part of this preparedness under present circumstances is a higher Federal debt limit which is already necessary for the efficient conduct of the Government's current operations."<sup>8</sup>

Frequent public pronouncements since that time, however, suggest that the above did not represent President Eisenhower's personal views. The recent publications and statements of President Kennedy's advisers probably represent the first clear espousal and recommendation of a planned Federal deficit with full Presidential approval. The reader may protest that a great many Federal deficits during recessions of the postwar period were received by administrations in Washington with acquiescence and even approval. It was true that President Eisenhower's recession deficits amounted to \$9.5 billion in 1953 and \$12.5 billion in 1959. But this does not mean that the administration "planned" these deficits. We can only say that they did not plan not to have them. In other words, when recession brought declining revenues, there was no effort to prevent this from causing a deficit. The important point here is that during a recession, unless extremely vigorous remedial steps are taken, a Government deficit occurs automatically. As national spending and income fall, Government tax revenues decline, while Government outlays for unemployment benefits, farm price supports, loans, welfare, and other assistance increase. A Government deficit is the passive result. We do not have to plan a deficit because it occurs anyway. But affirmative action and planning would be necessary at such times if we decided that the budget should be balanced. To achieve a balanced budget we would have to raise tax rates or impose new taxes on the one hand and cut Government spending on the other. This would balance the budget but it would, of course, also cause further declines in spending, income, and output. And, as usual in such cases, business profits would be the first casualty.

We find that we really have three choices of fiscal policy. First, we could plan and vigorously execute a balanced budget. Second, we could plan and execute the "right" amount of deficits or surplus necessary to avoid inflation on the one hand and recession on the other. Third, we could allow budgets to run surpluses and deficits more or less passively as a result of movements in the business cycle. The first choice would involve no increases or decreases in Government debt but would tend to intensify the ups and downs of the spending-income stream, the pattern of "boom and bust." The second policy would from time to time involve possibly large increases in Government debt, and at times decreases as well. It would also have maximum smoothing effects on the business cycle and promote economic growth. The third policy, which is a compromise, would involve less changes in Government debt than under policy two, but would also have a more limited stabilizing effect. It is the third policy which the United States has followed in the postwar period.

#### WHAT ABOUT THE DEBT?

The result of deficit spending whether public or private is, of course, increased debt. Though the practical man may concede that he himself has done pretty well since the war in spite of Government deficits, he is uneasy about the Government debt. While the precise nature of the disasters which threaten has not been clearly explained, it is possible to identify and list a number of specific misfortunes, disadvantages, or problems which such a debt is regarded as likely

to entail. Let us consider seven of the commitments or questions which are frequently heard.

1. The Government debt is a growing burden. As noted earlier, the concept of a Government debt skyrocketing out of control is pure folklore. The facts simply do not support it. The amounts of public and private debt in 1946 and 1962 together with percentage increases appear in table 1. For comparison, the table also includes debt figures for a familiar private enterprise, American Telephone & Telegraph Co., and for a familiar industry, commercial banking.

Table 1 shows that since the war Federal net debt has increased hardly at all by comparison with private debt. Moreover, we should recognize that the burden of a debt of a given size means little except in comparison with the income of the debtor. The first column showing gross national product for the 2 years enables us to view the growth of debt against debt-bearing capacity. In the third column we note that net Federal debt, which represented 109 percent of gross national product in 1946, had fallen to 46 percent by 1962.

2. Our children will inherit a burden of Government debt. Like the sun which Galileo's churchmen saw rising in the east, it seems pretty clear on this point that we see what we see. A man does not have to be an economist to know that within 20 years or so a child born today will have to pay taxes to cover the interest on a Government debt incurred by his parents and grandparents. The facts are clear, but how should we interpret them?

Our Government debt, like our much larger private debt, is for the most part internally held. It is owed to Americans and not to foreigners. Moreover our national balance sheet, like all balance sheets, has two sides, assets as well as liabilities. We could argue that Americans are the poorest people in the world because they owe the biggest Government debt. (They do.) Or we could argue that they are the richest people in the world because they own the major portion of the world's soundest financial asset, the U.S. Government bond. The latter statement taken by itself can hardly be regarded as a logically valid argument for issuing more Government bonds. But neither is the former a valid argument against Government debt. Either position taken alone makes nonsense because each taken alone ignores the other side of the balance sheet. We need both sides. Americans are suffering from a nervous anxiety which for want of any other term we might call balance sheet ambivalence. The fact is that our children will owe the debt to themselves and in this sense it will make them neither richer nor poorer.

But what about the interest on the debt? Will it not be a burden on future as well as present taxpayers? How can the next generation feel that they are getting any real benefit from the income on their Government bonds when it is they who must provide the tax money to pay the interest? Again the facts are undeniable. But consider an exact analogy. The same generation of children who inherit the Government bonds will also receive a vastly greater heritage of securities of private business corporations. The revenues from which those corporations will pay interest and dividends can come only from sales to the generation of Americans living at that time. Will that generation then feel that the income from their business securities is also a spurious gain because it is they who must provide the funds necessary to pay it? By precisely identical logic the owner of General Motors securities should avoid purchase of a Chevrolet lest he find himself paying his own investment income.

This is not to say that there is no possible way in which publicly owned Government debt may represent a burden. Since owner-

ship of bonds is not likely to be distributed among the people in exactly the same pattern as tax collections it is sometimes pointed out that the income on Government securities involves a redistribution of income. But it should be recognized that ownership of private securities causes exactly the same kind of redistribution, though on a much larger scale owing to the far greater volume of such securities. This follows from the fact that most of the income from corporate securities is paid to a very small proportion of the total population who as customers of American business provide all of its revenues.

3. The Government debt causes inflation. Inflation means a rising price level and this has usually been caused by increases in the spending-income stream at a more rapid rate than the rate at which additional goods could be made available. In the economist's terminology demand exceeds supply. With money demand increasing faster than businesses are able to increase the real supply of goods, price tags are marked up. A bit of reflection on the role of debt in our national income models makes clear that there is no direct connection between the size of the debt and the level or volume of spending. It is the rate of increase in the size of debt that counts, since it is only new deficits and debt which add to the spending stream. With exceptions to be noted in a moment, once debt has been created, it has no direct bearing whatever on the volume of spending. Its main effect on spending flows not from its existence but rather from the process by which it is created. This is amply clear in both models. It should also be clear that in this respect Government debt is no different from private debt. So long as they are financed in the same way each adds equally to the spending stream. Since World War II by far the greatest additions to our money supply have come from bank loans to private borrowers.

However, we must note certain ways in which existence of Government debt may be inflationary. In the first place ownership of large amounts of Government bonds, like ownership of any other assets, tends to make people feel richer and may cause them to spend more out of current incomes than they would in the absence of such assets. But Government bonds are no different from other financial assets in this respect and of course, represent a relatively smaller amount.

Government bonds also may have inflationary effects if people turn them in to the Treasury for cash. Since such action by the holders of \$48 billion in nonmarketable U.S. savings bonds would involve losses to the holders, a mass movement of this kind might be expected only if people anticipate severe inflation which would cause even greater losses in the real value of the bonds. But this did not occur on a large scale even in the late 1940's—a period when inflation was at its worst.

Sale of marketable Government bonds held by the public would provide new money to add to the spending stream only if the bonds were bought by banks. Otherwise though the seller of the bond has more money, the buyer has less. But banks are under strict control in this respect. Like any other business they acquire assets by incurring debts. We call their debts our deposits (our money). Banks can go on acquiring all the earning assets which they desire simply by issuing deposit slips to the sellers, subject only to the restriction that a certain minimum proportion of their assets must be in the form of currency in their vaults or deposits at Federal Reserve banks. These are the banks' reserves and are expressed as a percentage of their deposit liabilities rather than of their assets. But since Federal Reserve banks are also able to increase and decrease their deposit liabilities (the reserves of the banks) by the same process of buying and selling assets, they

<sup>8</sup> Economic Report of the President, transmitted to the Congress Jan. 28, 1954, p. 113.



have complete control over the reserves of the banking system and hence over the banks' power to create new deposits. Member bank reserves, which are subject to 24 hour surveillance by the Federal Reserve System, are the most carefully and continuously managed magnitude in our American financial system and, in this case, the power of control is absolute, though not without restraints.

Incidentally, this manner of describing the operations of banks in terms of their balance sheets serves to impress upon us the complete pervasiveness of the debt structure which underlies our entire financial system, even what we call our money. In our daily life we tend to think of "money" as something final and ultimate, underlying all. If we owe a debt what we owe is "money." Money seems to be the foundation of debt. Actually, the exact opposite is the case. Money rests almost wholly on debt and this was just as true in Grandpa's day as it is now. As with Government debt we get the true picture only if we look at both sides of the balance sheets. We all have our basic money assets "deposited" in banks and against these deposits the banks keep assets. But banks' "assets" are the debts of others. To be sure, a fraction of bank assets are in the form of deposits at Federal Reserve banks. But these bank "assets" are in turn debts of the Federal Reserve banks, whose "assets" in turn are mainly debts of the Federal Government. When we ask for "cash" we get mainly Federal Reserve notes which are debts of the Reserve banks based as before on their "assets" in the form of Government debt. Relatively speaking, the actual amount of gold underlying all this fantastic pyramid is minuscule. However, for those who view all this simply as confirmation of their fear that the country is going to the dogs, it may be pointed out that our money still has vastly more gold "backing" than Grandpa's money ever had.

Failure to understand the debt origins of money sometimes leads to absurdly inconsistent attitudes. For example, at the end of World War II the American people were greatly pleased with their fat, new bank accounts, businessmen rejoiced in the resulting steady stream of eager, well-heeled customers, and newspapers from time to time proudly announced that bank deposits in their communities had reached new record highs. Yet the editorial pages of these same newspapers counseled sober reflection on the alarming increase in Government debt.

The fact is that virtually all of the delightful new deposits were created when the banks gave deposit slips to the U.S. Treasury in exchange for Government bonds. Banks were able to increase their deposit indebtedness in this way because the Federal Reserve System had provided them with the necessary reserves by increasing its deposit debts to them (their reserves). Once the necessary bank reserves had been provided, the banks and the Treasury simply traded debts. Each gave its own debt in exchange for the debt of the other. The Treasury received deposit debts of banks with which it could pay for the war and the banks received interest-bearing Government debt. When the Treasury wrote checks to buy war materials ownership of the new deposits was transferred to the people. The banks then owed the deposit debts to the people instead of to the Treasury. Though the people were happy about these newly acquired bank deposits—their new "money"—they were extremely critical of the consequent increase in Government debt. They did not realize that in condemning the Government debt they were condemning the source of the blessing. It was another case of balance sheet ambivalence.

As another possible source of inflation it is also conceivable that in the course of the continuous weekly refunding of short-term Government debt, buyers might refuse to

repurchase bonds and instead demand cash, simply by allowing their bonds to run off at maturity. In such a case the Treasury would have no alternative but to sell the new bonds to banks to whom the Federal Reserve would be obliged to furnish the necessary reserves as it did in World War II. While this eventually is technically possible reflection reveals that when we speak of buyers refusing to repurchase bonds what we are really talking about is higgling over price (yield). Since there is no question of the solvency of the borrower (he can print his own money), the only question relates to the interest rate. If the Treasury has trouble selling bonds to nonbank buyers at a given rate of interest, it could presumably find such buyers at some higher rate. In other words, higher interest rates are a weapon available for use against inflation and may have to be used from time to time.

The fundamental relationship of inflation to debt creation is implicit in our models and it boils down to this: If additional deficits (and debt) are incurred only when total spending is inadequate by definition (i.e., some previously agreed upon level of unemployment) we can never get too much spending by incurring deficits. In other words, when the need for stimulation is eliminated, the stimulation is eliminated.

4. When will this huge Government debt ever be repaid? Here is another situation where we see what we seem to see only if we insist on applying to nations or institutions rules appropriate for an individual or a household. And, of course, the same rules do not apply. While it is true that every person must some day pay all of his debts, and every debt instrument must be settled on its maturity date, a bit of observation makes clear that these rules afford little insight into management of the total debt of nonmortals institutions, whether public or private. Every individual some day dies and his creditors expect settlement by that date. For him the trumpet sounds and accounts must be settled. But what about A.T. & T.? What about the banks of our country? What about the private debt? From table 1 we see that like those of Government, private debts have also grown. When will they be paid off? To be sure, the individual creditor of A.T. & T. gets his money whenever a particular instrument matures, and any individual depositor can have his money from the banks on demand. But this is also true of Government debt. The Federal Government refunds maturing debt each week, and every month pays off in this way literally billions of dollars in individual claims, just as the banks do. Moreover, as far as any individual owner is concerned a Government bond is the nearest thing in the world to cash. He can always sell it to another individual.

Thus we see that in these respects Government debt is not materially different from private debts. Business debts and bank deposits have been growing as long as our country has grown. Expanding debts are a sign of economic health. If a man could return a hundred years from now it is a pretty safe bet that he would find A.T. & T., the banks, Government, and business in general with debts that would make present levels look small indeed unless, of course, our country stops growing. And so if we ask, "When will the directors of A.T. & T. become uneasy and at last decide to pay off their 'bloated debt'?" "On what cataclysmic day will the banks pay off their depositors?" "When will this huge Government debt ever be repaid?" The answer is unmistakable and clear: "When Gabriel blows his horn."

5. We face national bankruptcy. Although this statement is frequently heard, the meaning as applied to Government is not clear. Since "bankruptcy" refers to a legal process which can have no meaning where Government is concerned, those who use the term

must have in mind "insolvency." Webster defines "insolvent" as "unable to pay one's debts." But on reflection it becomes clear that this situation is quite inconceivable for a debtor which can print its own money at will. Government does this whenever it borrows from the banks. In what sense, then, could a government possibly become bankrupt or insolvent?

Evidently, since Government can print any amount of money it wants, it would become insolvent or bankrupt in a meaningful sense only if it printed so much money or incurred so much debt in terms of that money that the public would be unwilling, or less willing, to hold either the money or the bonded debt. The general price level therefore affords a test of the soundness of money and the interest rate a test of the soundness of debt. If the price level rises rapidly it usually means that there is too much money and it also almost certainly indicates that because people are losing confidence in it they are getting rid of it (spending it) about as fast as they can. Since the modern method of "printing money" is to sell bonds to banks, the interest rate affords a running evaluation of its effects. Rapidly rising prices and interest rates on Government debt are the sure signs that deficits, spending, and debt are increasing more rapidly than available output of goods and services. Rising prices mean that demand exceeds supply. You then have "overemployment." But increased demand is desirable only when idle productive capacity makes increased supply possible. Policies designed to stimulate spending through increased deficits and debts, either public or private, are appropriate only when necessary to counter unemployment and deflation. At such times increases in demand can be matched by increases in supply and prices need not rise. Rising prices provide the signal that demand is outrunning supply. Only in time of war, when other considerations become paramount, would it be defensible to continue money and debt creation even in the face of the danger signals afforded by rising price levels and interest rates. With an enlightened electorate it could not happen otherwise. Meanwhile it is hardly logical to argue that increased spending (demand) should not be undertaken to restore inadequate spending (demand) for fear we might go too far and get too much spending (demand). This is tantamount to the argument that a starving man should not seek more adequate food supplies because of the risk that he might then suffer from overeating.

6. You can't run a business that way. This one need not now detain us very long. It is obvious from the facts presented in table 1 that this is indeed the way you do run any growing, successful business. In fact we may add that a business that is not run that way is not likely to be around very long. The case of Montgomery Ward, which is still trying to recover from its budget-balancing, debt-avoidance policies of the 1940's and early 1950's, is perhaps an example worth considering.

7. A big Government debt frightens and discourages private business. The fear element and its effect on profit expectations is one which cannot be overlooked. To the extent that the public believes that Government spending and debt may lead to national bankruptcy and disaster, a real barrier to development exists. Even if dangers are imaginary they have harmful effects if they deter spending decisions. America's fears of deficits and debt could keep the country from carrying out production programs of which it is fully capable. World War II provided one of the most dramatic examples of this. The so-called production miracles of the war period would have been quite possible at any time during the depressed 1930's had the Nation been willing to create and spend the money to provide the necessary

demand. Not until the appearance at Pearl Harbor of an enemy which seemed more dangerous than Government debt did the American people feel free to loose the spending power necessary to bring into action the production capacity that had been there all the time. Bonds bought by banks which were supplied with additional reserves for the purpose enabled the Government to create huge sums of new money which it used to call forth the production miracles. When the war ended the people found themselves in possession of this vastly increased money supply which they then proceeded to spend for things they had been wanting for a long time. The money created during the war is still with us and has provided the basic spending foundation for a period of prosperity which up until the slowdown in recent years was the greatest in the Nation's history.

The point which we must recognize here is that there is no special economic magic in war as such. It is the spending for war which provides the economic effects and war happened to be the only project for which people deemed such public spending justifiable. It is a simple matter of national balance sheet and income analysis to demonstrate that the spending income and money supply effect would have been exactly the same if the project had been that of building highways, streets, schools, parks, research facilities, and free university education. However, if people believe that money and debt created for such purposes are somehow tainted and that a day of reckoning awaits a nation which conducts such activities for any purpose except war, it is quite possible that we may again hold back from achievements well within our power. Meanwhile, the Russians, hampered by no such folklore or public guilt complex, continue each year to increase their production by the full amount which their actual physical capability permits. As a result, while American steel and other basic industry has often operated well below capacity in recent years, our principal enemy has used all of his powers to steadily close the gap between us. Nobody there seems to worry much about national bankruptcy.

In concluding our analysis of Government debt the following comments by a knowledgeable observer may serve to broaden our perspective:

"At every stage in the growth of that debt the Nation has set up the same cry of anguish and despair. At every stage in the growth of that debt it has been seriously asserted by wise men that bankruptcy and ruin were at hand. Yet still the debt went on growing; and still bankruptcy and ruin were as remote as ever.

"The prophets of evil were under a double delusion. They erroneously imagined that there was an exact analogy between the case of an individual who is in debt to another individual and the case of a society which is in debt to a part of itself \* \* \* They made no allowance for the effect produced by the incessant progress of every experimental science, and by the incessant efforts of every man to get on in life. They saw that the debt grew; and they forgot that other things grew as well as the debt."

The words are familiar. The problem is not new. The "prophets of evil," like Henny Penny, have been with us for a long time. Although the situation described here bears a startling similarity to American experience during the last 30 years, the writer did not have us in mind. He was referring to another great nation whose Government at the time he wrote had been engaged in more or less continuous deficit spending for over 150 years during which that nation achieved an unchallenged position as the greatest economic power the world had ever known. The nation was Great Britain, the writer was

the great English scholar and historian, Thomas Babington Macaulay, and the year was 1850.<sup>6</sup>

#### DEFICIT SPENDING: PUBLIC OR PRIVATE?

As indicated in our introduction, the logic of national income accounting by no means requires Government deficit spending for the maintenance of full employment. It only requires that somebody must have deficits at least large enough to absorb planned surpluses. We note in our models that everything ran smoothly enough as long as profit prospects were assumed to be sufficiently favorable to call forth the necessary private deficits. It is here that the practical man may enter an objection consistent both with his value judgments and with national accounting principles. Here he at least has a chance of bringing down a bird. To be sure, he has not failed to point out that profits are often inadequate, but he has failed to connect this fact with the relevant national income framework, and his explanation of why they are inadequate is not always fully convincing. Our practical man argues that profit prospects have led to inadequate private investment because of anti-business attitudes and policies of Government. At the same time he insists that the Government balance its budget at all times. In fact, he regards an unbalanced budget as one of the antibusiness discouragements. The stock market collapse as a reaction to President Kennedy's steel price intervention has frequently been cited as another example of the harmful effects of Government policy. (The latter argument incidentally overlooks the fact that the stock market collapse was worldwide and, except in France, considerably worse in Europe than in America.) The logically consistent argument which is possible here is that, if Government would only leave business alone, private deficits spurred by adequate profit would insure the private spending necessary for full employment. Government deficits would then be unnecessary. This is essentially the position of a substantial proportion of the business community and of thoroughgoing conservatives. There is no rigorous disproof available to rebut this position, particularly since we are talking about the future in which all things are possible. But we can attempt to assess the probabilities, as contrasted with the possibilities, which are suggested by past experience. On the basis of such probabilities we can then consider the implications of a vigorously balanced budget for the future.

The argument that Government antibusiness attitudes and policies account for inadequate aggregate demand may have a certain persuasiveness and perhaps real substance when applied to a period of stagnation in which we simply have a generally sluggish and hesitant economy. As noted above, it is not necessary that a Kennedy or a Roosevelt actually intend to conduct a campaign against business. It is enough if businessmen believe it. But what about the periodic ups and downs which we call the business cycle? These movements long antedate both Mr. Roosevelt and Mr. Kennedy. How do we account for the decline under President Eisenhower in 1958, or, still more difficult, the far worse decline under President Hoover from 1929 to 1933? Was President Eisenhower antibusiness too? Was President Hoover even more so? The record of history is that such movements have occurred in the past regardless of what government did. It is a reasonable probability that they will occur again. This being the case, how can we test the conservative position? It could not be tested with a

Kennedy or an Eisenhower, nor indeed with a Hoover, since, as we have noted, Mr. Hoover's administration accepted very substantial passive deficits. To test it, we should be obliged to elect to the White House an uncompromising man of stern Puritan principle and also give him a Congress of like conviction. Only under such leadership in a severe recession could we subject to the ultimate test of experience the novel economic theory that the remedy for inadequate spending is reduced spending. Such an experiment is not likely to be attempted for the simple reason that the leaders of both major political parties are fully aware of the probable influence that it would have on the outcome of the next few dozen national elections.

#### PROGRAM FOR THE PRACTICAL MAN

It is possible to identify three kinds of situations in which modification or extension of present policies might reasonably be expected to improve future prospects for profitable private economic development and investment, thereby reducing the need for Government deficit spending. In some of the situations, the practical man might support revision of present business policies; in others he could support public policies which in the long run would tend to increase private business activity.

##### 1. Private policies based on market power

1. Although we profess to believe in free, competitive markets and have laws against monopoly, substantial sectors of American industry have sufficient market power to hold prices at levels which enable them to achieve predetermined profit targets even when operating far below capacity. Whether, anticipating stagnant demand, management sets high prices in expectation of the high costs consequent upon low level utilization of capacity, or whether, by setting the high prices, management causes the stagnation of demand is a hen-egg puzzle that cannot be solved here. In either case more price competition would lead to fuller utilization of capacity and to lower unit costs. It was this philosophy which guided the first Henry Ford and on which our antitrust laws are based. But, as every TV viewer and magazine reader knows, American industry appears to prefer any kind of competition to price competition. In this area of fundamental policymaking our practical man is in the driver's seat. Only he can make the change.

2. Labor unions often tend to look at hourly wage rates rather than total wage bills. Even though a higher wage rate may lead to unemployment of some workers or prevent entry of additional workers by discouraging expansion of the industry or by speeding up automation, union leadership usually prefers to have higher wages and less employment than lower wages and a higher level of employment. Technological improvements are sometimes opposed, or at least after their introduction "featherbedding" strongly resists any elimination of displaced jobs. The inhibiting effect of such policies on profits, economic growth, and wider job opportunities is obvious. To the practical man's credit it must be recognized that he has not failed to identify and oppose these practices.

3. Market power has been used to escape consumer sovereignty over design and style. It has been widely claimed that American industry, particularly in highly concentrated areas like automobiles, in dictating to the captive domestic customer has not made the most of sales opportunities in the foreign market. Those who seek to make this point do not emphasize price but argue that, since so large a part of our manufacturing market is at home, our manufacturers have not made adequate efforts in design, styling, and sales promotion to meet foreign competition in foreign markets. Abroad one notices

<sup>6</sup> Bliss Perry, editor, *Little Masterpieces*, by Lord Macaulay, New York: Doubleday & McClure Co., 1898, pp. 192, 198-199.



less emphasis on advertising and product differentiation and less reluctance to mention price. Whatever may be the facts relating to our foreign markets, this is probably a fair description of what happened in the automobile industry in the late 1950's. American automobile manufacturers modified design, size, and style and turned to compacts only when foreign competition forced it.

*II. Public policies based on the idea that higher prices and reduced output represent the best remedy for inadequate demand*

1. Agricultural price supports and output restrictions raise the cost of food and other farm products, thereby raising consumer cost of living and affording huge windfalls to wealthy farmers without greatly aiding poor farmers whom the program is mainly intended to help. The economy has thus been denied much of the benefit of the great agricultural productivity gains of recent decades. At the same time, by failing to concentrate attention on the large numbers of farmers at the lower end of the income scale, the program tends to put off solution of the underlying problem of too many people on farms. The Practical Man has not given us much help on this one. In fact, in the agricultural industry itself differences of opinion among the people involved have so far effectively blocked a solution to the problem. Controversy over the recent wheat referendum affords a familiar example.

2. Various Government policies both at Federal and State levels are designed to limit competition and to maintain price at the expense of volume. Among these one may list (a) oil and other import quotas, (b) tariff exceptions for the benefit of industries which operate under especially severe disadvantages in their efforts to meet consumer needs at prices comparable with available foreign sources, (c) Fair Trade laws, (d) transportation rates and regulations limiting competition among carriers, (e) State oil production controls which limit output of efficient producers but which allow drilling of any number of new wells the output of which will also be restricted, (f) State milk control and similar boards. In all of these cases our Practical Man, representing this or that particular industry, has been the principal offender. In almost every instance Government has intervened to restrict the freedom of private enterprise for the benefit of a particular group and has done so at the request of the private enterprisers themselves. While vigorously condemning all restrictions on free enterprise for the benefit of others, each industry defends with equal vigor the restrictions imposed on others for its own benefit.

*III. Public activities now unprofitable for private enterprise but likely to provide opportunities for profitable private investment in the long run*

1. Research and development in industrial uses of atomic energy, space travel and communication, production of fresh water from the sea, and certain education programs are examples of activities in which the pioneering must be done by Government for the simple reason that they are not profitable for private enterprise at this stage. Once the groundwork has been laid free enterprise may move in. Private industry is already moving into the generation of electricity by atomic energy and A.T. & T.'s Telstar program has captured the imagination of the world. (We can just imagine what A.T. & T.'s debt will look like in another 20 years!) Granting the prospect for increasing importance of training and education in the future, and remembering the spectacular benefits which the Nation now enjoys from the massive postwar investment in human capital under the GI bill of rights, the potential of the public education contribution should be

clear. We also have the example of America's world leadership in agricultural techniques, mainly the result of Government-financed research. These are all activities which no private firm could have afforded to conduct, at least not in time to keep America ahead of her rivals and enemies. Since the practical man will obviously benefit from such programs in the long run, would he not be wise to give them his support?

2. Aid to undeveloped countries, especially in education, can yield immeasurable benefits in the long run. We need to look ahead a century or so and overlook such short-run, inconsequential matters as whether the individuals who happen to be alive today hate us or love us, are grateful for aid, or follow our line. How many popularity contests could the English have won in our country during the 50 years after Lexington and Concord? Looking to the long run future with historical perspective the development of our relations with the emergent nations clearly takes on a crucial aspect. Together with our allies in Western Europe we represent probably less than one-sixth of the human race. Unless we believe that intellectual capacity is a monopoly held by one race of men this means that five-sixths of the best brainpower, which is what will count in the future, is outside our sphere. When these people achieve development, as they will, they will represent the greatest market, and by far the greatest source of human capital in the world. How fortunate it would be for us at that time if development of their cultural values and trade, the orientation of their learning, the very evolution of their languages, would continue to find their external influences mainly in the Western World and especially in America. Today virtually all of these nations conduct their courts, parliaments, and universities in European languages, usually English. Here in language is a vital channel of communication which tends to be denied to the Russians and Chinese in direct proportion as we continue to use it through education and other contacts. To discontinue such activities through pique or misguided economy is simply to leave the future to the Russians and Chinese.

Government activities such as those listed under III need not be conducted by deficit spending, though of course they afford outlets for deficit spending at times when the stimulus is appropriate. In the long run, by stimulating profitable opportunities for private business investment, they should minimize the need for Government deficit spending.

**CONCLUDING OBSERVATIONS**

Various programs along the lines outlined above should tend to make our free enterprise system more viable in the long run. But meanwhile we are still faced with the problem of the business cycle with its intermittent periods of insufficient spending and inadequate demand. The reader who has come this far may now ask, "Why all the public acrimony? Why so much fuss? Isn't the picture fairly clear?"

To be sure, from the viewpoint of the professional economist or accountant the situation is clear enough. Indeed it is obvious. In terms of accounting identities adequate deficit spending and adequate debt creation are simply the source of adequate demand (adequate sales volume). In fact we can readily outline the highlights of modern economic history without any more data than annual statistics of the Nation's total debt. When debt grows at a satisfactory rate we find prosperity; when it grows slowly we find recession; and when it actually declines we encounter deep depression and chaos. There is no doubt about this. It is the record of history. And we have now seen why it is so. After we have done all we can to encourage private spending the only remaining question

of policy is this: When private deficits are inadequate should we choose to fill the gap with public deficits or should we choose unemployment? If another choice exists it has not been identified.

And so the puzzle persists. Why all the misunderstanding? We are obliged to go back more than a century and a half to find a parallel. The split between professional economists and the general public on the issue of free trade probably affords the best comparison. From the very birth of the Republic this issue was a source of bitter controversy. Although a civil war was fought over it, that war did not settle it. Not until 1962 could we say that virtually all responsible groups in the Nation had more or less officially come to accept what economists had been pointing out ever since the days of Adam Smith. Perhaps it is also worth noting that even the free trade case was not nearly so clear cut as the deficit spending case. For in the free trade case it is possible to identify producer interests which are indeed different from consumer interests, at least, in the short run. In the deficit spending case there is no such conflict of interest. When demand is inadequate and depression develops every one suffers. The Nation suffers. When demand is adequate the entire economy blooms.

It is precisely at this point that the economist himself encounters a puzzle. How can the principal beneficiaries of appropriately timed Government deficits also be the chief opponents of this policy? For who has more to gain from good business than a businessman, and who has more to lose when business is bad? It is a well-known fact that the initial impact of recession is always on profits. Profit is the volatile element in national income and is always the first to melt away when demand becomes inadequate. No matter how industrious and competent they may be, enterprisers as a group find that the cards are hopelessly stacked against them when aggregate demand is on the decline. Business cannot sell unless the customers buy.

Perhaps one reason why the practical man has opposed policies beneficial to business is that he has not looked at the whole picture. This was obviously the case after World War II when he rejoiced in his growing bank account but deplored the growing Government debt which produced it. But the economist must also bear some of the blame. He has rarely seemed able to explain the mysteries of money, debt, and income creation in terms understandable to the general public. And in spite of the fact that every economics textbook of the past 15 years has sought to explain in painful detail the principles outlined in this article, university economists can scarcely claim to have sent their students away with a crystal-clear picture of how our money system operates. Probably neither the practical man nor the economist can take much credit in the public debate which has occurred. In fact there has been little genuine debate because there has been so little communication. The practical man and the press have tended to pontificate about technical matters which they have not understood clearly; while the economist on his part has frequently shown little patience or forbearance and has seldom devoted much time to the improvement of public understanding. Yet the problem is crucially important to the success of our democracy. The issues need to be clearly defined, the assumptions explicitly stated, and the discussion conducted with a degree of objectivity not achieved up to now. Meanwhile we might reflect on the comment which Prof. A. C. Pigou made 40 years ago in connection with the free trade issue: "There is indeed a long timelag between the attainment of knowledge in economic affairs and its entry into the halls of authority."

## THE FABRIC OF ONE WORLDISM

Mr. SIMPSON. Mr. President, in the continuing search for international harmony that will allow all peoples of the world to live together in peace and with freedom, some Americans have become entangled in a spurious concept often described as "one worldism." The Wall Street Journal examines this concept in an editorial dated November 14 and holds it up for inspection, making apparent the holes in its fabric.

I remand the editorial to the attention of my colleagues and those across the Nation who follow the CONGRESSIONAL RECORD.

I should like to quote in this brief introduction the observation that: "It follows that for a world government to be effective, it would have to possess powers of compulsion undreamed of in history's worst nightmares. Even in today's free nations, the constant threat is the aggrandizement of state power; an international authority would be infinitely worse. In this sense, nationalism as the West conceives it, is a force for good."

Mr. President, I ask unanimous consent that the Wall Street Journal editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

## A NIGHTMARE WORLD

In man's constant soul searching for peace, one of the favored villains is nationalism; if only this force could be extirpated, it's said, there would be no occasion for wars. And never has there been more urgency about getting rid of nationalism, the argument continues, because never before has society possessed such weapons of annihilation.

To call this view an oversimplification is putting it mildly. If anything is surprising about it, it is its widespread acceptance in the intellectual community. Thus historian Arnold Toynbee, in a recent New York Times magazine article, deplors the contemporary resurgence of nationalism and advocates the fashionable alternative—world government.

It is quite true that nationalism has played its part in history's seemingly unceasing wars. It is also true that men, by force or otherwise, have surrendered their nationality to a larger entity like the Roman Empire. It is certainly true that the present proliferation of nation-states, some of them bits and pieces, has its ludicrous aspects.

Yet that fragmentation itself tells a good deal about the practical difficulty of eradicating nationalism. From the most primitive African nation to a sophisticated country like France, nationalism is obviously one of the most deeply rooted of feelings. All the preachments of history have failed to reduce it, and it shows no signs of disappearing today.

Is nationalism, in any case, such a cardinal cause of war in our times? Algerians and Moroccans could presumably find reasons for mutual antipathy no matter what their political structures. But fringe fighting of that sort is not what the world has to worry about; it is the antagonism of the two great power blocs.

Mr. Toynbee, like so many of his academic colleagues, regards each with equal disdain. If only the United States and the U.S.S.R. would bury the hatchet and get together, he suggests, the world would be eternally in their debt. Perhaps; but this seems to overlook some rather relevant considerations.

For one, the threat to the peace does not come from any excess of U.S. nationalism. It comes from a peculiarly unfortunate com-

bination of Russian imperialism and Communist dogma. Nationalism unquestionably is part of that combination, as can be seen in the dispute between Red Russia and Red China, but a large part of it is also the urge to turn the world into a Communist concentration camp for the benefit of a power-hungry elite.

To equate that psychopathic drive with the American advocacy of open societies is to make a bitter joke of both history and philosophy. Let the Russians abandon their global ambitions, and then it will be possible to talk about getting together.

Even that millennium, however, would not remove the threat of war. Suppose it were possible, as Mr. Toynbee seems to think it is, to establish a world government. How could such a setup be expected to remove the animosities and ambitions that lie so deep in men and nations? The trouble with the United Nations as a would-be world government is not that it is not powerful enough; it is that of necessity it merely mirrors the contentions that rive the world.

It follows that for a world government to be effective, it would have to possess powers of compulsion undreamed of in history's worst nightmares. Even in today's free nations, the constant threat is the aggrandizement of state power; an international authority would be infinitely worse. In this sense, nationalism as the West conceives it is a force for good.

It is a little saddening, not to say frightening, that intelligent people can seriously support such weird causes. For the panacea they propose would not end war, but it most surely could end freedom.

## FEDERAL CREDIT CONTROL

Mr. SIMPSON. Mr. President, the March 1963, issue of Nation's Business magazine elaborated on the basic arguments pro and con of the so-called truth-in-lending bill.

The article in its opening paragraph stressed that the Douglas credit control bill should be of interest to persons in and out of the money lending business: "Whatever your business, you have a stake in the new push in Congress for Federal regulation of credit."

After citing several abstract examples of credit abuse—examples which undoubtedly do exist—the writer notes that "usury is as old as the use of money, and fraudulent sales will continue as long as unwary ignorant people have money to spend."

In asking unanimous consent that this article be printed in the RECORD at this point with my remarks, I call my colleagues' special attention to the five major discrepancies regarding S. 750 enumerated in a survey by the magazine.

I direct attention also to a chart listing methods of computing the interest rate equivalent of carrying charges on installment sales. This chart is headed very appropriately, "Calculating an Accurate Simple Annual Rate Is Impossible for Many Accounts."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

## THIS PROPOSAL SHORTCHANGES YOUR CUSTOMERS—COSTS AND PRICES WOULD RISE UNDER FEDERAL CREDIT CONTROL PLAN

Whatever your business, you have a stake in the new push in Congress for Federal regulation of credit.

The pending proposals would directly affect every retailer who sells on credit, and

every lender. Manufacturers would be affected because the markets for their products would be disrupted.

Sen. PAUL H. DOUGLAS, Illinois Democrat, and other sponsors of the legislation cite flagrant credit abuses to prove the need for Federal control.

A Chicago man bought a television set on time. It broke down the day after he received it. The firm threatened to garnish his wages if he didn't pay some of the money he owed. His total debts amounted to \$700. His wages had been garnished three times before and he feared new garnishments might mean loss of his job, or if he weren't fired, the garnishments would mean hardship to his family. After he killed himself, the coroner's jury returned a verdict of suicide while temporarily insane due to pressure from creditors.

There was also the case of the woman supporting herself and four children on a weekly wage of \$55. A "conservatory of music" induced her to sign an installment sales contract for a \$600 accordion for one of her children. About 5 months later the "conservatory" informed the woman that her daughter had displayed such exceptional artistic talent that a better instrument was required. The woman agreed to pay \$1,800 at the rate of \$72 a month. Then she realized she would have difficulty making the payments. Although attempts were made to ease her plight, she wound up returning the accordion after having spent \$383.

How, in the face of such unhappy cases, could there be opposition to the Douglas bill?

Would the Douglas bill really curb the type of overbuying represented in the two abuse cases?

Why, despite more than 3 years of lobbying, do even proponents concede that consumers are not excited about this legislation?

Nation's Business surveyed a wide variety of trade associations and federations whose members are constantly involved in credit or loan transactions to find out why they oppose such proposals, billed as a stabilizer to the economy.

Their spokesmen stress they have no objection to the bill's ostensible goal of fully informing the customer of the cost of credit. They note that it's already the practice of the great majority of credit businesses to tell the customer what credit costs either in terms of total dollars and cents, or as a monthly interest rate—whichever is feasible.

The survey reveals the majority believe—

1. The burdensome requirements would increase the cost of doing business and represent a pressure to raise the level of retail prices.

2. Calculation of an accurate "simple annual rate" is absolutely impossible in many credit accounts.

3. It would confuse the public by compelling inaccurate or misleading rather than true information.

4. The bill would encourage hiding service charges in merchandise prices.

5. It would impose Federal restrictions on purely local transactions and necessitate creation of a new Federal price control bureaucracy.

Senator DOUGLAS, with 17 cosponsors, introduced Federal credit legislation in 1960. Since then there have been three sets of hearings.

Early this year he charged that Americans are paying millions of dollars in hidden costs on borrowed money; that banks charge borrowers exorbitant sums by asking interest on a monthly basis rather than on a yearly rate and by not reducing interest as debts are reduced.

To understand what sponsors want, here's an example: In a revolving charge account, where customers are now told they will pay a 1.5 percent charge per month on the declining balance, sponsors want this charge



expressed as an 18 percent simple annual rate ( $12 \times 1.5$ ). In a typical account, however, the customer's actual paying rate would not amount to 18 percent except under the most unusual circumstances.

His supporters push the twin theme that credit charges and interest rates are often cleverly concealed and misrepresented, and all consumers have money to gain and not a penny to lose from enactment of the bill.

Besides, the argument goes, excessive use of credit threatens the economic stability of the Nation. Consumers lack adequate information on the cost and thus tend to overextend their credit.

Senator WALLACE F. BENNETT, Republican, of Utah, congressional leader of the fight against the credit bills, replies that consumer debt has shown a stable relationship to gross national product and personal disposable income in recent years.

Rates of repayment have maintained a sensible relationship to new extensions of credit.

In fact, some leading economists take the view that the postwar credit rise has not been great enough.

"It's impossible to say at what point consumer credit becomes excessive," says William F. Butler, vice president and economist of Chase Manhattan Bank. "It seems clear we're nowhere near that point at present."

If the purpose of the proposal is to dampen sales, opponents agree that it would probably be successful, at least temporarily.

"It would have an adverse psychological effect on some customers and some sales persons," says Derek Brooks, vice president and director of government relations of the National Retail Furniture Association. "When you impose a practice nobody is following in the economy, you're playing a dangerous game. You're monkeying around with the economic machinery."

"It would cause a sales decline which the economy cannot afford," warns Fred Hachtel, president of the International Consumer Credit Association. "We need increased customer sales, not less."

"I would not want to make a flat prediction with respect to a sales decline if the Douglas bill is enacted," comments M. Monroe Kimbrel, president of the American Bankers Association, "but certainly there would be serious delay in the normal flow of business if lenders were required to furnish the specified information to the borrower in writing prior to the consummation of a transaction. Mail order transactions, add-on arrangements, sales made by a retail establishment with the credit contract prepared by the home office, and other credit sales in which involved calculations are required would certainly be disrupted and this could lead to a sales slowdown."

Would the bill really protect the class of customers who, through ignorance or inattention, expose themselves to exorbitant interest or credit charges?

"For the most part the ignorant and unsophisticated would pay not the slightest bit of attention," says John A. Gosnell, executive secretary and general counsel of the National Small Business Association. "With few exceptions, those in this category who desire to make a purchase on credit will certainly do so regardless of unfavorable terms."

Mr. Gosnell notes that usury is as old as the existence of money and fraudulent sales will continue as long as unwary, ignorant people have money to spend.

The theoretical objective of the Douglas bill, he says, is enforcement of business ethics in areas which can never be fully policed. State supervision, coupled with voluntary industry action to clean up the more flagrant abuses, is the only method which has any practical chance of constructive results.

Retailers stress that the Douglas bill would not stop abuses by the few unscrupulous op-

erators. Extreme cases often involve fraudulent practices already prohibited by existing law. No legislation ever completely stops scofflaws.

Actually a "simple annual rate" probably would confuse consumers because of their tendency to equate it with interest, which has a sort of historical top of 8 percent.

"The overall figure," Mr. Hachtel says, "is a compilation of several charges, of which interest is only one small part. To lump all these together into one sum and express it as an annual rate of interest is unrealistic."

Mr. Brooks points out that those who don't have enough education to figure out interest rates now, "by the same token, will not be able to understand the meaning if given to them by law. What is needed is more education, not more figures."

Louis Rothschild, executive director of the National Association of Retail Clothiers & Furnishers, adds that it means nothing because the paid rate may be more or less than the stated rate depending on how the customer pays the bill.

The American Retail Federation, which represents 800,000 retail firms handling more than 70 percent of all consumer sales, offers this considered opinion: "It is impossible to quote an actual annual rate on a revolving account since the amounts and times of future purchases and payments are not determinable. The bill seeks to gloss over this impediment by exempting a creditor from its penalties if he overstates the rate. Thus, the bill permits misquoting on the high side."

Mr. Gosnell summarizes:

"With respect to the small merchant the proposal is so burdensome and impractical that it would be completely self-defeating. The average clerk could never make the necessary calculations. In fact there are few store owners who could arrive at correct and uniform answers. But even assuming that the calculation could be made, the time required to perform this function would so interfere with the consummation of sales that the practice would be prohibitive."

"We are not opposed to full disclosure," Philip J. Mullin, executive vice president of the American Industrial Bankers Association, stresses. "Our member companies and banks throughout the country have full disclosure as they feel that it is only proper and fitting to see that the customer is told what he is paying and why. AIBA does object to the suggestion that full disclosure should be stated in terms of simple annual interest. This would be a difficult task at best and, we feel, a useless one."

The National Retail Merchants Association, which represents 10,500 department, specialty and variety stores, states that revolving credit accounts would have to be abandoned because it is impossible to calculate simple annual rate beforehand.

"Experience," according to J. Miller Redfield, president of the National Consumer Finance Association, "has shown that the consumer, when faced with percentages, almost invariably asks: 'Just how much is that in dollars and cents?'"

"For this reason, State-regulated consumer finance firms usually express their rate of finance charge in percent per month as prescribed by State law, but also express charges in terms of dollars and cents—the language consumers understand and quite evidently prefer."

Mr. Brooks points out that "credit has been and is intensely competitive. You may be sure that if the simple annual rate were informative and customers were asking for it, the forces of competition among retailers in the marketplace would long ago have caused this information to be given voluntarily by alert retailers seeking to get one up on their competitors. But you don't find it

anywhere. It's reasonable to conclude there isn't any consumer demand for it."

An example of the mathematical acrobatics involved would be the purchase of a \$20 battery, payable on a time basis with four biweekly payments of \$5 each and one final payment of \$2 for carrying charges.

Answers from experts on how much simple annual interest the \$2 represented ranged from 80 to 130 percent. The National Automobile Dealers Association came up with at least five answers—each correct, depending upon certain assumptions.

If experts offer so many varied answers to such minor purchase, how, the association asks, can anyone reasonably expect the average employee of a business establishment to arrive at the absolute and correct answer that would protect his employer from the civil penalties imposed under the bill?

Willful violators would be subject to a \$5,000 fine or 1-year imprisonment, or both.

Retailers also worry that some merchants might advertise little or "No charge for credit" and put all or part of the cost of the credit into the price of merchandise. Other retailers then might have to do the same thing to defend their competitive position. The customer would get less information about the cost of buying on credit—contrary to the alleged purpose of the bill.

This situation would raise a serious problem for small business. Large stores, with a wide variety of merchandise, would have far more opportunities to adjust prices to cover credit costs than smaller stores with limited product lines.

The additional cost of administering the bill, according to Montgomery Ward, will be reflected in charges to customers.

Retail spokesmen also note that the States already regulate consumer credit, that State governments are closer to the constituents, and can frame laws to fit unique local situations.

Twenty-five States now have retail installment sales acts requiring sellers to list and disclose in detail the essentials making up a sale. Retail installment sales laws are on the books in 42 States covering all goods, automobile sales only, or both.

"Each State tailors its disclosures law to fit the conditions prevalent in that State," Mr. Kimbrel notes. "In this way the States can regulate consumer credit in the manner best suited to the practices of its lenders."

In fact, much State legislation includes vitally important elements of disclosure which do not appear in the Douglas bill.

"The bill fails to take into consideration the differing conditions which affect consumer credit in the various States."

"There is no question," says Clifford A. Allanson, executive director of the New York State Council of Retail Merchants, "that State governments can effectively regulate consumers' interest."

"For example, New York State enacted laws in 1956 covering sales of motor vehicles and in 1957 covering sales of merchandise generally which provide adequate protection."

"Under New York State laws the seller must provide the buyer with full information regarding all phases of a contract or agreement."

"Customers are not only protected by receiving fully detailed information but limitations are imposed on the amount of carrying charges which can be levied."

Robert J. McKinsey, general counsel of the National Independent Automobile Dealers Association, points out that State legislatures are fully acquainted with the specifics and variations of credit financing in their own States.

Federal control, its opponents note, would have the octopus reach of wartime price control acts. Whatever agency would be designated to administer the law—Federal

Reserve Board or Federal Trade Commission—the specter of a national police force to investigate strictly local violations is raised.

Chairman William McChesney Martin, Jr., testified that the Federal Reserve Board did not want the responsibility of administering the Douglas bill introduced in the last congressional session.

FTC Chairman Paul Rand Dixon also conceded that “the problems of administration would be tremendous.”

Mr. Gosnell notes:

“Government regulatory inspection would have to be based on some type of reporting system, and even though on a spot-check basis the impact on the small business community would be especially severe. Even to try to enforce such a law on a spot-check basis would require a gigantic and expensive bureaucracy, and the remote possibility of effective results would make this a futile and wasteful project.”

Any attempt at enforcement would require a “tremendous” number of inspectors, says Mr. Allanson, of the New York State Council of Retail Merchants.

What are the alternatives to the Douglas bill to check whatever abuses may exist?

Mr. Kimbrel expresses the consensus:

“The optimum in the way of an alternative to this type of legislation would be, of course, voluntary full disclosure of finance charges by lenders and judicious credit and spending habits on the part of borrowers.

“I am inclined to agree with Senator Douglas, however, that this perfection is not likely to be achieved. It is in our approach to the remedies that we do not see eye to eye.

“I believe it would be extremely helpful for every class of credit extenders to have a creed or statement of principles to serve as a guidepost in establishing and maintaining sound credit practices.

“The American Bankers Association has had one for 22 years and, while there may be some banks which do not abide by its principles, the creed has been widely accepted and adhered to by most of our members.

“If voluntary compliance to certain rules cannot be made workable, then legislation is necessary—but at the State level. States already having disclosure laws should re-examine their statutes if abuses can be shown to exist and those States which do not have them should consider them at the earliest opportunity.

“As for the consumer, I have one definite recommendation to make. There is a need for more adequate education in basic economics. Consumer illiteracy is a phase of this overall problem. I believe it can be substantially corrected by improving, upgrading, and adding to present educational activities in the economics field.

“A certain amount of guidance in the fundamentals of finance will benefit the consumer much more than a ‘simple annual rate’ requirement.

“I am convinced that good habits and prudent judgment can be taught.

“They cannot be legislated.”

#### GREAT AMERICANS

Mr. HILL. Mr. President, each year the editors of *Dixie Business* name “A Great American.” In 1962 John H. Glenn received this appellation. Hubert F. Lee, of Decatur, Ga., who founded *Dixie Business* and has served as its editor for 34 years, has announced that World Statesman Bernard M. Baruch has been named “A Great American” for 1963 and that the great Chairman of the House Armed Services Committee, CARL VINSON, has been named for this honor for the year 1964. Mr. Lee explained that the selection of Representative VINSON

was announced a year in advance to point up the fact that in 1964 our distinguished colleague will have completed 50 years of dedicated public service as a Member of the House—more years of service in the House than any other man in the history of Congress.

We all know of the many services Bernard Baruch has performed for our country. His wise counsel has been a tremendous help to our Presidents, to the Congress, and to innumerable other Government officials. On learning of his selection, Mr. Baruch wrote Editor Lee: “Thank you so much for the honor you bestow upon me by naming me the ‘A Great American’ for 1963. As I look over the list, I feel very pleased indeed, particularly to be between two such fine men as Colonel Glenn and CARL VINSON. VINSON has been a wonderful American, especially in the last trying years.”

I heartily concur with Mr. Baruch’s tribute to CARL VINSON, but I would hasten to add that his words can also be used to describe his own contributions to our country. It is indeed a pleasure for me to announce these selections to the Senate and to extend congratulations to these two great men who eminently deserve the title “A Great American.”

#### MEDICAL RESEARCH

Mr. HILL. Mr. President, at the 1963 Albert Lasker Research Awards Luncheon at the Sheraton-East Hotel in New York City, on October 30, our colleague, Representative JOHN E. FOGARTY, of Rhode Island, who has made so many contributions to the cause of medical research, delivered the address. It is a very fine address, most informative, interesting, and challenging. I hope it may be widely read and I ask unanimous consent that the address may be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

##### MEDICAL RESEARCH—FACT AND FANTASY

(Remarks of U.S. Representative JOHN E. FOGARTY, at the 1963 Albert Lasker Medical Research Awards luncheon, Sheraton East Hotel, New York City, October 30, 1963)

I feel greatly privileged to address the Lasker award group a second time.

We meet today for a happy purpose.

We meet to honor the splendid achievements of three of our finest medical scientists. Through these three, we honor our entire medical research community.

The occasion is one for warmest thanks to Dr. Craig, Dr. Huggins, and Dr. DeBakey.

It is equally a time for self-congratulation among the thousands of scientists in our medical research community. For what honored gain in science is not a community as well as an individual achievement?

I see a third purpose for which this occasion is appropriate: That purpose is sterner; but surely the moment is a bracing one.

We need to face—and to take up with spirit—a new challenge.

Cold winds are rising. I am sure we all feel them. These winds carry voices of distrust, misunderstanding—even outright disparagement—of our national science programs.

These voices challenge the one fact I am sure most persons here today see as our Nation’s brightest hope: That science and

Government at last have found the will and means to join in common purpose; that in broadening fields, they now work to meet the needs and aspirations of all the people.

What can these voices say to impeach such a partnership of hope? Many things, apparently. They urge a startling catalog of fears. I hardly recognize the moonscape described—but understand it is supposed to be the United States of America.

Big science—these voices say—has been corrupted into partnership with big government. From such an alliance—so the fear runs—our universities, our individual scientists, our traditions of scientific excellence—and ultimately all of our citizens—will be the losers. How can this be?

Does this describe the world of health research as you know it today?

The distortion is gross. But we cannot for that reason ignore these voices.

If we are complacent—if we do not react; if we do not make absolutely clear the vital and fruitful nature of this partnership—many health gains that we now count for the future may be lost.

Let us therefore take up the challenge on the issues—and give back fact for fantasy. Nor need we be diffident in the task: For the fruits of medical research are worth our best efforts to defend. Here, we can draw encouragement from illustrious predecessors in this task. For the record of health advances through science—and I can note Pasteur and the germ theory of disease as an example—shows that all too often they have been fought to accomplishment against strong opposition.

I say: Let us listen to these voices. But let us listen carefully. Not every critic merits a reply.

Let us not be taken in by critics without credentials.

We will talk budgets—but let it be with those who know we budget to meet human needs as best we can; not to defend a line drawn in sand.

We waste our time: With those who see only gloom and doom when the Government joins any enterprise; with those who make large charges with small facts or none to back them; with those who suffer from a hopeless case of nostalgia for a simpler past; with self-called critics who know—if nothing else—the publicity value of attacking major Federal programs.

Let us by all means tune out these empty words. What remains—honest differences on needs, hopes, methods, and dangers in Government support for science—demands the wisest, clearest thoughts that each of us can phrase.

Today, I want to take up this dialog on three issues—the three that I see as basic in Government support of science:

First, how can we know whether our national investment in research is too little, too much, or just about right?

Second, are we getting a fair return on our investment?

Third, are tax dollars becoming a threat to research excellence?

Let me shrink this dialog to terrain I think we all know fairly well: The area of Federal support of medical research—the programs of the Public Health Service.

How does one decide the right amount of public funds to make available for the conduct and support of medical research?

I feel I have some competence on that point: For 17 years—in annual appropriation hearings for the Public Health Service—I have been asking myself that very question. The consensus on these programs—in both Houses of Congress and on both sides of the aisle—has been remarkable. Reasons for this—I think—won’t be hard to identify.

First, the decision process itself:

In our Federal system, the decision to use public funds is practical and political. It



is made in Congress by elected representatives of the people. All Federal programs must pass at least two tests on which representatives judge merits as best they can.

First is the test of usefulness to the people. I know of no other basis for providing support from public funds. As the need met is great, and the constituency served is broad, the decision to support becomes easier. Once past this basic hurdle, each program—in varying degree—competes with all others for public support. This competition involves comparison of merit, the assessment of importance, a judgment on both short- and long-range gains.

There is nothing to be taken for granted in this process. There is no magic, no favored names or programs that guarantees results. The review is searching—the debate demanding—and the result unpredictable.

I hope that what I have said leaves one fact clear: The growth in Federal support for medical research is no accident; it derives from no legerdemain: It reflects deliberate national decision to invest national resources to solve health problems.

Now I will talk about the health research programs themselves. For in the nature and purpose of these programs, the reasons for this national decision become clear.

The basic force behind our national health research programs arises from a very simple fact: No other Federal program aims so clearly and directly at ends good in themselves. None showers benefits more generously on all members of society.

Emerson described health as our "first wealth." And so it is. I think you will also remember the words of President Kennedy in his magnificent health message this year: "Good health for all our people is a continuing goal. In a democratic society, where every human life is precious, we can aspire to no less."

The objective of saving lives and relieving suffering is one behind which all Americans have gladly united. To these humanitarian benefits, medical research adds incalculable economic gains. We count these gains when disease and disability are diminished—when premature death is forestalled—and as a longer, more productive lifespan becomes the rule. Finally, medical research is a revolutionary force. It broadens horizons for all persons living. For the future, it promises generations bred to a new splendor.

Truly, in terms of what it can add to the sum of human goods, no limits can be set on medical research.

Practically, then, in drawing up a health research program, one begins with needs that have no horizon. Beyond conquest of disease and suffering, lies the aging process itself. Beyond the problems of our biologic disability lies the threat of our manmade environment. Beyond needs of our own generation, lies the challenge of healthier and more intelligent generations for the future.

However, we can only attack these problems where present knowledge permits. For our programs, the most promising opportunities—the essential next steps—must be identified. We need this for basic science areas, for disease research, for the problems of environmental assault. This identification of research opportunities must be both practical and informed. For this identification, the Congress has rightly insisted on the best scientific advice available in this Nation.

Below this level of scientific opportunity—a long step down—is the level of practical capability. This brings us to the thorniest problem of all: The problem of resources—the shortage of scientists and facilities.

To raise capability to the level of opportunity, and opportunity to the level of national goals, we must have a much stronger resource base than I see in prospect.

The main decisions made each year on Federal medical research programs turn on

this point: What is the best balance we can strike between research and research resources—between opportunity and capabilities?

In Congress, we listen to the best scientific advice we can get on this problem; and we get this advice in breadth and depth. Then our committee acts.

If there is a better basis to appropriate funds for a Federal program, I haven't heard it yet.

I promised today to tackle another question as well: Are we getting a fair return on our national investment in health research?

This, too, is one of the questions about NIH programs that I have been asking myself for each of the past 17 years.

My answer—for yesterday and today—can only be an emphatic "Yes."

Let me make clear what my answer means:

One can't—in a literal sense—buy research progress. However, one can buy the probability of progress. This fact has guided our national investment in health research.

How have we bought this probability?

By investing in the health research community as a whole. We invest to encourage excellence and to shore up weaknesses; to assure support for research ideas considered of merit by the community; and to strengthen biomedical resources for the future.

For investment payoff, therefore, we look to the total community. Exclusive "credit" for specific gains is neither the objective nor the measure. The evidence sought is that with rising Federal support, the level of research productivity also rises overall—and that there is a clear gain in potential.

What then are the community gains that our national investment—public and private—has helped make possible?

I note:

An increase of 7 years in average life expectancy during the 18 years ending in 1961; Maternal deaths, and deaths from polio, influenza, tuberculosis, whooping cough, syphilis, and others, reduced 75 percent or more over a 10- to 17-year period;

Drug research has brought new hope for the mentally ill; and has reversed the trend of population growth in State mental hospitals.

Vaccine research and development is arming man against a lengthening list of diseases;

Through new techniques, cardiovascular surgeons now correct congenital defects and disease-damaged hearts recently thought beyond repair;

Possibilities of virus causation of cancer are being explored systematically. (Permit me to inject on this point my own personal belief—that in this relationship lies our brightest present hope for future breakthroughs on the cancer problem.)

"Cracking of the genetic code"—the clarification of how we inherit characteristics—promises a new world for biology—and possibly for man.

But perhaps the clearest gain is in the competence and promise of the health research community itself. Beyond a doubt, this is the finest, most dynamic, most productive health research community in the world—with excellence and leadership proven. For dramatic illustration of that leadership, one need look no further than to the work for which the awards are made today. Against competition from other fields of science, the health research community has staked a firm claim that this will be known as the Age of Biology.

I note two other gains that have been insufficiently appreciated:

First, Research has revolutionized the character of medical practice in this country. Through new personal skills and knowledge, through new tools and treatments, the effectiveness of individual practitioners has been multiplied several times. This fact should be noted by those who argue that re-

search is draining physicians away from medical care.

Second, Medical research has speeded and assured the transformation of our medical schools. No longer are they trade schools, as Abraham Flexner found them 50 years ago. They have become rounded, stimulating educational institutions—with graduate as well as undergraduate functions—covering the full spectrum of health sciences.

The third proposition I want to talk about is whether growing government support is a threat to research excellence.

I understand the basis of this concern. But let me sum up why I see no threat to excellence in health research today.

First, The poisonous touch of Government support has been much exaggerated. Even complete dependence on that support needn't rule out research excellence. The proof of this is in the accomplishments of the Government's own research laboratories—I cite the early laboratories of the Public Health Service. I cite also the laboratories of NIH at Bethesda, which clearly constitute the finest biomedical research institution in the world.

Second, To those who insist on diversity of support to insure excellence, I point out this: For health research, the dollar support from voluntary health foundations, the pharmaceutical industry and private gifts grows yearly. This diversity of support will not be found in other fields of science. The physical sciences, and the technologies of space, electronics and aerodynamics depend on the Government for a much greater percentage of their total needs.

Third, The criterion of excellence governs all decisions to support research through NIH programs. The scientific community itself—through study section and council review—establishes that standard of excellence. It also makes the decision to support or not. Under this system, 50 percent and more of the research projects proposed are rejected; almost 60 percent of the funds requested are disallowed.

Some persons, however, would confine PHS support to the top 10 or 25 percent of applications received—those with 24 carat guarantees of excellence. For private foundations—with limited goals and responsibilities—this works well enough. But frankly, I don't see that as a feasible or sensible basis on which to mount a national research effort to solve major disease problems.

It would mean, in all probability—

That difficult, unrewarding but essential research tasks would not be undertaken;

That unconventional approaches wouldn't be tried as often;

That bright but new scientific talents would have less chance to prove their worth;

That a few of the older and more solid universities and research institutions would monopolize public support;

That growing centers of research excellence throughout the country would be left to wither.

I myself have no doubts that the health needs and health hopes of the Nation are much more likely to be met—and met more quickly—as programs now operate.

I have always acted on the principle that budgetary anemia—induced by cynicism—is an attribute of materialism. It contradicts the notion in our society that the life and well-being of a single individual—extended, restored, or eased by the scientific dedication of his neighbors—is a richness beyond all value, a prize without price.

To me, research is the pursuit of truth, the reduction of error, the discovery of new concepts of man, life, and the universe. As we limit the span of uncertainty in the cause of death and illness and extend and enrich the span of life, we act in the highest ideal of government, in the service of the governed, and in the best tradition of public, private, and individual enterprise.

Ladies and gentlemen, I stand before you in deep conviction that the national interests in medical research have been and are well served.

I reject out of hand the imputations that generous Federal support has compromised science, scientists or the qualitative framework of administration.

I have profound faith that what has been wrought in this postwar effort in medical research will emerge as the most significant Federal action of our era.

It is with this optimism, founded in 17 years of continuous involvement in the critical congressional process of assessment, debate, and decision, that I confront—and hope that I confound: The old men beset by little fears; the alarmists prophesying ominous futures; and the disparagers of men of good faith and programs of great purpose.

#### ELIMINATION OR CURTAILMENT OF PASSENGER TRAIN SERVICE FOR THE BOROUGH OF JEWETT CITY, CONN.

Mr. DODD. Mr. President. Recently I received a copy of a resolution adopted by the Board of Warden and Burgesses of the Borough of Jewett City, Conn.

I would like to comment briefly on this because my position is in close accord with the one stated in the resolution.

This resolution opposes any elimination or curtailment of passenger train service for the Borough of Jewett City and urges the Interstate Commerce Commission to make a finding of necessity and order the New Haven Railroad to continue to provide passenger train service to the borough.

The people of Jewett City would be inconvenienced, some of them greatly so, should the New Haven Railroad be allowed to discontinue passenger service on the New London to Worcester, Mass., line.

Jewett City and a number of other small communities, as well as people and businesses in New London and Worcester, depend on and need this service, and I would very much regret a discontinuance of this line.

I feel the same way about two other passenger service discontinuances proposed by the New Haven Railroad on the Danbury-Pittsfield and New London-Providence lines.

Fortunately the Interstate Commerce Commission has ordered a stay on each of these proposed discontinuances to allow ample time for an investigation and for full public hearings on the three lines.

In each case, I hope State and local officials, interested private groups and businesses, and individuals as private citizens as well, will take full advantage of this opportunity to testify and state their reasons for opposing the possible contraction of passenger services in these areas of my State and the neighboring States of Massachusetts and Rhode Island.

I think they can make out a strong argument in support of a continuation of these passenger services, and I hope they will be successful.

When I first got in touch with the chairman of the Interstate Commerce Commission to urge that an investigation be made and public hearings held,

I pointed out my view that these passenger routes are essential to an adequate transportation service to the communities affected.

I think the concern over the possible discontinuance of service on one of these lines, from New London to Worcester, expressed in the resolution of the Jewett City Board of Warden and Burgesses illustrates and sustains my contention and for this reason I ask unanimous consent to have the text of the resolution printed at this point in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

#### RESOLUTION OF THE BOARD OF WARDEN AND BURGESSES OF THE BOROUGH OF JEWETT CITY, CONN.

Whereas it has come to the attention of the Board of Warden and Burgesses of the Borough of Jewett City, Conn., that the New Haven Railroad has petitioned the Federal authorities for permission to eliminate railroad passenger service on the New London to Worcester Line, which serves the Borough of Jewett City, daily; and

Whereas said passenger train service is considered necessary and vital to the economy and welfare of the Borough of Jewett City: Therefore be it

Resolved by the Board of Warden and Burgesses of the Borough of Jewett City, That it be recorded as being opposed to any elimination or curtailment of passenger train service for the Borough of Jewett City; and be it further

Resolved, That said board urge the Interstate Commerce Commission to make a finding of necessity with regard to such passenger train service and that said Commission order the New Haven Railroad to continue to provide passenger train service to the Borough of Jewett City; and be it further

Resolved, That copies of this resolution be forwarded to the Interstate Commerce Commission through Senators DODD and RIBICOFF.

THOMAS WAKELY,

Warden.

ARTHUR BENNETT,

Clerk.

#### TITO

Mr. LAUSCHE. Mr. President, my attention has been called to two documents written by Cyril A. Zebot, professor of economics at Georgetown University, Washington, D.C.

Professor Zebot was a native of Yugoslavia but had to leave his land of birth and come to the United States to escape the oppression of the Communists. His knowledge of what is happening in Yugoslavia is extensive and reliable.

I am sure that the readers of the CONGRESSIONAL RECORD and the Members of the Senate will be interested in what Dr. Zebot has had to say about life in Yugoslavia.

The two documents consist of a letter written to the Washington Post and a letter written to the President of the United States, Hon. John F. Kennedy.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

#### TITO IN WASHINGTON

If Tito's role in the postwar history is adequately analyzed and explained, it can and should be generally accepted that his early defiance of Stalin came to be instrumental in the post-Stalinist evolution of the Soviet and satellite regimes (as well as Tito's own)

toward less cruel forms of totalitarian rule at home and more civilized relations with the non-Communist world. This was no small contribution to the welfare of our time for which Tito, and the timely American assistance to him, deserve credit. In terms of international relations and diplomatic requirements, this accomplishment may have warranted Tito's visit to Washington at this time. It would seem that most Americans accepted it this way.

But your editorial praise of Tito went way beyond this undeniable aspect of the case. You paid a glaring tribute to Tito for having "made Yugoslavia a Socialist nation." This was to accept the well-known Communist distortion of the term "socialism" and then to praise it for its genuine, non-Communist meaning.

It is a fact, attested to by informed Western students of the domestic realities of Tito's Yugoslavia, that in terms of ultimate political, economic, and cultural control Tito's regime is essentially as monolithic and totalitarian as any other Communist regime. Except for liturgical worship within tolerated churches, no independent associations, institutions and organizations (i.e., free from effective control by the ruling Communist Party) are permitted to operate. Tito's regime is not just another de facto one-party government. It is a comprehensive social system of one-party control over the society as a whole. Only after having established this Communist essence of the Tito regime, is it meaningful to point to the comparative mildness of methods in the execution of Titoist totalitarian controls. For true freedom would put an end to Tito's Yugoslavia.

We abhor reappearing military dictatorships in Latin America. We were rightly critical of the nondemocratic aspects of the Diem government in Viet Nam. And we do not like the single-party governments in the new nations in Africa and Asia. But these cases are all outside Europe and few if any of them are truly totalitarian in scope, although some of them may occasionally be harsher in their methods.

It appears contradictory that an American paper of your standing condones and even praises a regime in the heart of Europe which by any Western standard is a one-party totalitarian system. Such praise can only confuse the public in judging Tito's role and becloud that aspect of Tito's performance for which he properly deserves credit.

CYRIL A. ZEBOT,

Professor of Economics, Georgetown University,  
WASHINGTON, D.C.

OCTOBER 12, 1963.

THE PRESIDENT,  
The White House,  
Washington, D.C.

DEAR MR. PRESIDENT: We are writing this letter to you on behalf of the Committee for a Free Slovenia in relation to the forthcoming political visit to Washington of Marshal Tito of Yugoslavia.

Our committee is dedicated to the promotion of the basic American principle of inalienable human rights and national freedom through self-determination, as it should apply to the people of Slovenia, now a republic in the extreme northwest of Yugoslavia along the borders of Italy and Austria.

It is a great paradox of our time that, while the natural aspiration to national freedom and the right to self-determination have since World War II been, or are about to be, fulfilled for virtually all the peoples of Asia and Africa, they are still being denied to several peoples in central and eastern Europe with historically established national individualities. Slovenia, in particular, suffers greatly in consequence of this denial, for it is a country in the heart of Europe whose history, culture, and economy have



their roots deep in the European West of which the people of Slovenia were part since their beginnings as a nation in the seventh century.

Western sources of information about the conditions in Yugoslavia are in agreement on the following two basic facts concerning Slovenia:

1. The Slovenes have an essentially Western culture and way of life of their own which distinguishes the Republic of Slovenia from the other Republics in Yugoslavia with different historical and cultural backgrounds.

2. Economically, Slovenia is by far the most advanced region in Yugoslavia. But much of the fruits of Slovenia's higher economic performance is being systematically diverted, by means of political compulsion, toward the power objectives of the centralist Communist regime in Belgrade and for the benefit of the less-developed southern republics of Yugoslavia. The case of Slovenia is one of the most outrageous instances of national economic exploitation in this ostensibly noncolonial era.

While it is not for us to question your judgment in regard to Marshal Tito's visit, we do wish to use this occasion to recall to your attention the fact that the people of the Republic of Slovenia, along with several other peoples in Yugoslavia and elsewhere in central-eastern Europe, are being denied the right of self-determination, and that this oppressive denial is aggravated by the continued absence of cultural, political, and economic freedom within the totalitarian framework of the Communist regimes in that part of Europe.

We have the honor to remain,

Yours very truly,

CYRIL A. ZEBOT,

Chairman of the Council.

MATTHEW RESMAN,

President, Committee for a Free Slovenia.

#### ARREST OF PROF. FREDERICK BARGHOORN

Mr. LONG of Missouri. Mr. President, at a time when East-West relations seemed to be steadily improving, it is, indeed, sad to hear of the arrest and detention of an eminent American scholar, Frederick C. Barghoorn, on charges of espionage.

President Kennedy assured the Nation yesterday morning that the Yale political science professor was on no Government mission behind the Iron Curtain. Rather, he was engaged in research, preparatory to writing a book on the Soviet Union.

That such an important and respected student of Soviet affairs should be arrested, held incommunicado, and American Embassy officials denied the right to confer with him is unwarranted and disgraceful.

A reevaluation of proposals for increased cultural and social contact between citizens of the United States and Russia is clearly indicated by this latest Soviet act. Simultaneously, I am certain that our Government will do everything possible to secure the prompt release of Professor Barghoorn, an innocent victim of the Soviet propaganda machine.

#### RESOLUTIONS OF NORTH DAKOTA WATER USERS ASSOCIATION

Mr. BURDICK. Mr. President, the North Dakota Water Users Association has done yeoman work in bringing together the various economic, political,

and social groups in support of water development and water conservation in North Dakota. It has been a real force, which has aggressively pushed development in North Dakota. On October 8, the Honorable Stewart Udall made an excellent address before the annual convention of the association and paid it fine tribute.

Mr. President, I would like to call attention to the resolutions adopted at the convention, and ask unanimous consent to have them printed at this point in the RECORD.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

##### RESOLUTION 1—GENERAL

Whereas the purpose and objectives of this association can only be achieved through full coordination of and close cooperation with all agencies having interest and responsibility in the development of the land and water resources of the State: Now, therefore, be it

*Resolved by the North Dakota Water Users Association, at its fifth annual meeting, held in Fargo, N. Dak., October 8, 1963, That it does hereby—*

(a) Commend most heartily the Federal, State, and local agencies and entities carrying forward programs or projects for the development of our land and water resources;

(b) Support wholeheartedly the efforts of our congressional delegation, Governor, legislature, State and local agencies in their plans and programs for the development of desirable, useful, and needed natural resources projects;

(c) Urge the appropriation by Congress of funds for initiation of construction of the (1) Bowman-Haley dam and reservoir project in the current fiscal year; completion of investigations and reports on (2) Cannonball, (3) Cedar, (4) Green, (5) Heart, (6) Knife, (7) Little Missouri, (8) Missouri, (9) James, (10) Pipestem, (11) Goose, (12) Pembina, (13) Red, (14) Sheyenne, (15) Souris-Mouse Rivers, and (16) Devils Lake area;

(d) Endorse basinwide planning of water and related resources with affected States participating actively therein and with adequate safeguards of State water rights;

(e) Encourage continued cooperation between the State highway department, bureau of public roads, State water commission, State game and fish department, and other interested agencies in the planning and construction of multipurpose projects, such as the Sweetbriar Creek and Crown Butte, McVillie and Elm River combination dam and bridge facilities;

(f) Urge immediate remedial measures to control present bank erosion along Missouri River between Oahe Reservoir and Garrison Dam by construction of lowhead dams and other appropriate works;

(g) Recommend the inclusion of reasonable benefits from (1) recreation, (2) general salinity control, (3) sediment control, (4) quality water control, (5) public transportation, (6) protection of public health, (7) promotion of national defense, and (8) fulfillment of international obligations as non-reimbursables in Federal water projects; and be it further

*Resolved, That the secretary transmit copies hereof to the North Dakota congressional delegation, Governor, president of the senate and speaker of the house, 38th legislative assembly of North Dakota, legislative research committee, and State and Federal agencies having responsibilities in the fields mentioned.*

##### RESOLUTION 2—GARRISON DIVERSION UNIT

Whereas legislative proposals "to make certain provisions in connection with the con-

struction of the Garrison diversion unit, Missouri River Basin project, by the Secretary of the Interior" were introduced by the North Dakota congressional delegation in the 85th, 86th, 87th, and now in the 88th Congresses; and

Whereas hearings on the current Senate bill, S. 178, were held before the Subcommittee on Irrigation and Reclamation of the Senate Committee on Interior and Insular Affairs on June 6, 1963; and

Whereas it has been indicated that no hearings in the House of Representatives on H.R. 1013 will be scheduled nor will a Senate committee report on the hearings already held before it be made until the Interior Department and the administration have submitted to Congress recommendations which would assure the solvency of the Missouri River Basin power payout and establish policies and procedures relating to cost allocation, reimbursement, and cost sharing which would be applicable to all water projects proposing that a part of the joint costs of such project be allocated to recreation or fish and wildlife on a nonreimbursable basis: Now, therefore, be it

*Resolved by the North Dakota Water Users Association, at its fifth annual meeting, held in Fargo, N. Dak., October 8, 1963, That the Department of the Interior and the Bureau of the Budget be, and they hereby are, urged to complete the necessary studies and reviews of the Missouri River Basin power payout and proposals and procedures relating to cost allocations, reimbursement, and cost sharing for recreation and fish and wildlife and report the same with recommendations to the Congress at the earliest possible time; and be it further*

*Resolved, That the secretary of the association be directed to transmit copies of this resolution to the Secretary and the Assistant Secretary for Water and Power of the Department of the Interior, Director of the Bureau of the Budget, and members of the North Dakota congressional delegation.*

##### RESOLUTION 3

Resolution authorizing creation of a committee to study need for legislation for licensing of water well contractors and regulation of the business of water well drilling

Whereas there was introduced in the 38th Legislative Assembly of North Dakota Senate bill No. 171, for an act to license water well contractors and regulate the business of water well drilling, which bill was indefinitely postponed: Now, therefore, be it

*Resolved by the North Dakota Water Users Association, at its fifth annual meeting, held in Fargo, N. Dak., October 8, 1963, That the President be authorized to appoint a committee of five citizens of the State to (1) consider the merit of and need for licensing of water well contractors and the regulation of the business of water well drilling, (2) determine the advisability of having this association express support of legislation for the achievement of such objectives at the next legislative assembly of the State, and (3) report thereon with recommendations to the 1964 midyear meeting of the board of directors; and be it further*

*Resolved, That the board of directors be hereby authorized to take such action on the report and recommendations of the committee, on behalf of this association, as it may deem appropriate and proper.*

##### RESOLUTION 4

Resolution authorizing the appointment of a committee to study the merit of and need for legislation relating to weather modification, the licensing of controllers, and fixing fees and penalties

Whereas there was introduced in the 38th Legislative Assembly of North Dakota Senate bill No. 286, for an act relating to weather

modification, the licensing of controllers, and the fixing of fees and penalties, which bill was indefinitely postponed: Now, therefore, be it

*Resolved by the North Dakota Water Users Association, at its fifth annual meeting, held in Fargo, N. Dak., October 8, 1963.* That the President be authorized to appoint a committee of five citizens of the State to (1) consider the merit of and need for legislation relating to weather modification and control, (2) determine the advisability of having this association express support of legislation for the achievement of such objectives at the next legislative assembly of the State, and (3) report thereon with recommendations to the 1964 midyear meeting of the board of directors; and be it further

*Resolved,* That the board of directors be hereby authorized to take such action on the report and recommendations of the committee, on behalf of this association, as it may deem appropriate and proper.

#### RESOLUTION 5

Resolution authorizing creation of a committee to study the need for and procedure involved to establish a State water commission revolving fund

Whereas the 38th Legislative Assembly of North Dakota, through enactment of senate concurrent resolution 1, recognized the ever-increasing demand and anticipated future need for water and declared as its policy that conservation and storage of water supplies should be provided wherever and whenever feasible and practicable; and

Whereas almost every area, community and municipality in the State of North Dakota has or will have problems of water shortage which must be met and solutions therefor provided; and

Whereas there are and will be many opportunities for mitigating or solving such water problems through cooperation and participation of local interests with State and Federal agencies engaged in the planning, development and construction of multiple-purpose projects for watershed protection and improvement, flood prevention, water supply, outdoor recreation, fish and wildlife enhancement, and related purposes and activities for the beneficial utilization of our water resources; and

Whereas reservoir storage makes available a water supply that may become of major importance in the future for satisfaction of downstream water supply needs and which, coupled with agricultural products or other raw materials, might be a factor in an industrialized river basin; and

Whereas local interests in many instances are or will be unable to financially contribute to or participate in the cost of desirable and needed water projects in cooperation with State or Federal agencies unless required funds therefor can be obtained through grants or loans upon such terms and conditions as are within their normal capabilities to liquidate; and

Whereas the State water commission is duly authorized and empowered, and it is charged with the duty, among other things, to finance the construction, establishment, operation, and maintenance of public and private works, dams, irrigation and recreation projects; provide for storage, delivery and distribution of water for municipal, industrial, agricultural and recreational purposes; and to cooperate with the United States, State and local agencies in achieving the aforesaid purposes and objectives; and

Whereas the aforesaid legislative assembly implemented the said Senate Concurrent Resolution 1 by appropriating and providing certain funds to the State water commission for limited use in connection with carrying forward the program and activities under the legislative policy aforesaid: Now therefore be it

*Resolved by the North Dakota Water Users Association, at its fifth annual meeting, held in Fargo, N. Dak., October 8, 1963.* That the President be authorized to appoint a committee of five citizens of the State to (1) consider the merits of and need for the establishment of a State water conservation revolving fund, (2) determine the advisability of giving the association's support thereto, and (3) report thereon with recommendations to the 1964 midyear meeting of the board of directors; and be it further

*Resolved,* That the board of directors be hereby authorized to take such action on the report and recommendations of the committee on behalf of the association, as it may deem appropriate and proper.

#### RESOLUTION 6—APPRECIATION

Whereas the annual meeting of the North Dakota Water Users Association, Inc., held in Fargo, N. Dak., October 8, 1963, is nearing the end, and those in attendance are mindful of the many courtesies, favors and services extended to its officials, members, and guests for which formal expressions of appreciation are in order: Now, therefore, be it

*Resolved,* That the North Dakota Water Users Association, aware that it would be almost physically impossible to identify and thank all of the individuals and organizations whose efforts resulted in the success of this convention, does hereby express sincere thanks and appreciation to the individual and collective numbers of the Federal, State, and local agencies and organizations, Fargo City Commission, chamber of commerce, housing committee, news media, assisting personnel and all who assisted and gave of their time and talents in making this fifth annual meeting a success.

#### MAINE BENEFITS FROM AREA REDEVELOPMENT

Mr. MUSKIE. Mr. President, on June 26, the Senate passed legislation to provide additional funds for the continuation of the area redevelopment program. This legislation is now pending before the House of Representatives. Its enactment is important to the continued improvement of the Nation's economy.

During the Senate debate on this bill, I pointed out how the State of Maine has benefited from the area redevelopment program. Maine firms have received loans for the establishment of new businesses and the expansion of old ones. The Maine Sugarbeet Growers Association has received a grant for conducting feasibility studies for the introduction of the sugarbeet industry to Maine. Several hundred unemployed Maine workers have been trained for new jobs under ARA training programs.

The success achieved by ARA in combating unemployment and stimulating Maine's economy has been widely acknowledged. I ask unanimous consent to include in the RECORD at this point a news release prepared by the State department of economic development. This statement outlines the benefits a Maine firm received under the area redevelopment job training program. It is just one of several case studies which underlines progress achieved under ARA and the need for continuation of the ARA program.

There being no objection, the news release was ordered to be printed in the RECORD, as follows:

PRESQUE ISLE.—Good old down east horse sense has taught one Maine Yankee an economic fact of life.

"Never pass up a bargain like that," particularly when you're located in the middle of a county that's recognized as one of the Nation's most depressed.

The bargain? In this case it was \$43,398 worth of job training provided by the Federal Area Redevelopment Administration under the U.S. Department of Commerce—just one of a dozen or more projects that has fed nearly \$2 million into Aroostook County's hard-hit economy.

The man with the "good old down east horse sense" was William C. Viner whose family has been using horse sense in Maine shoe manufacturing since the turn of the century.

As President of Viner Bros. a Bangor shoe manufacturer, Bill Viner had a problem. He wanted increased production for his firm but could not locate the needed employees in Bangor.

Querying Industrial Representative Raymond W. Curtis, of the Maine Department of Economic Development, Viner explained: "I'm not too particular where I locate our new plant, so long as it fulfills three requirements. It must be a town that really wants an industry. There must be a labor supply. And there must be an adequate building already in existence."

After screening a half dozen possibilities suggested by Curtis, Viner decided to expand his firm's operations into Presque Isle's readymade industrial park, provided when the U.S. Air Force vacated a once-strategic missile base.

All three of Viner's requirements were met. A former missile hangar provided some 25,000 square feet of manufacturing space. The community—still attempting to fill the economic void caused by the base deactivation—realized it needed new industry; realized that its agricultural mainstay, the potato, wielded less economic power and, in fact, had lost money for the farmer 6 years in a row. Employment was scarce but workers were plentiful.

Almost everything was perfect—everything except that out of 450 applicants in a labor survey conducted for Viner, none had ever made shoes. However, within 6 weeks of the day that 120 employees first reported for work, the newly formed Aroostook Shoe Co. was not only producing shoes but turning out 350 pair a day.

Herein lies the story of the bargain. Maine shoe manufacturers have usually provided new employees with on-the-job training at considerable cost to the firm. Wages while the trainee was learning, wages to instructors plus a loss of production caused by his absence from the production line, and employee benefits to the trainee all sapped profits from the manufacturer.

Although the Aroostook Shoe project cost ARA \$43,398, the same instructional program would have cost over \$60,000 had Viner attempted it without ARA. What's more, most training offered by industry encompasses one skill only while the ARA program taught two or more skills to each trainee.

Thus, Aroostook Shoe Co. obtained a trained labor force with multiple skills in the shoe industry for nothing. "I doubt if we'd have gone to Presque Isle if we hadn't received the ARA grant," Viner admitted. "We just couldn't afford the cost of setting up a new plant and training the personnel too."

Once Viner had selected Presque Isle and decided to seek ARA funds for a training project, the redtape aspects of procedure were out of his hands and into the hands of the Maine Employment Security Commission and the Maine Department of Education.

MESC's headquarters coordinated Viner's application for approval. First, proof was needed that a labor surplus did exist in the area. Secondly, there must be a guarantee that trainees would be employed upon successful completion of training.



An MESC-sponsored survey—seeking persons from the roster of hard-core unemployed—soon proved that a need existed for additional manufacturing employment. Viner indicated his intention to employ those successfully completing the course by leasing and equipping the building.

In the meantime, the department of education approved a curriculum, instructors, and named Keith Thompson, principal of the Northeastern Maine Vocational Institute, as educational administrator for the program.

Having cut down the initial group of 450 applications through a series of tests, MESC's Presque Isle force referred 120 to the training program. Students were phased into training over the first 3 days of the program, were oriented on the production line and within a week the first complete pair of shoes rolled off the 400-foot-long line.

In spite of apparent ease of effort in putting through such a complicated project, the training was a success from all points of view. "We had exceptional luck," Viner boasted, claiming that daily production would be up to 1,500 pairs of shoes within the year. "We're very confident about the production of these people."

The manager of the new Presque Isle industry, John Trask, said that employees trained under the ARA project would "probably be better than some experienced workers. These people have been taught the right methods and they know more than just one skill."

"We are happy with the program if the employers are," NMVI's Thompson explained. "Basically ARA is designed to stimulate the economy of a depressed area, either through technical aid, financial grants for commercial, industrial or public construction projects, or for vocational training."

"In this case, the employee training seems to have satisfied the requirements of ARA and the needs of the employer very well \* \* \* while providing workers in this area with a means of gainful employment," Thompson added.

According to DED statistics, over \$1.8 million worth of ARA funds have been spent in Aroostook County for different projects, while more than \$600,000 worth of ARA grants are now pending.

"There's no question about it," remarked Wendell Phillips, president of the Presque Isle Industrial Council. "What the ARA has done is going to mean a great deal for the economy of Presque Isle for a long time to come \* \* \* not only for Presque Isle but for all of Aroostook County and, in the long run, the whole State of Maine."

Phillips, also president of a local bank, said already the economic pulse of the county has quickened because of ARA. "The impact of just the steady, nonseasonable, 100-person payroll (of Aroostook Shoe Co.) is very hard to calculate in dollars and cents, but it will be considerable. Merely at the minimum wage level this means more than a quarter of a million dollars annually," he estimated.

#### THE AMERICAN MEDICAL ASSOCIATION, THE FOOD AND DRUG ADMINISTRATION, AND QUACKS

Mr. DOUGLAS. Mr. President, in a recent issue of the New Republic there is a brief article which is well worth reading concerning the Conference on Medical Quackery held in Washington last month under the sponsorship of the American Medical Association and the Food and Drug Administration.

The article is worth noting first for the observer's impressions of the conference itself which he describes as a carnival sideshow of sorts with a school for

informers against those who are non-members of the American Medical Association on the side.

Secondly, inasmuch as the theme of the conference seemed to be self-congratulation for the vicious campaign carried out against a test of the cancer drug Krebiozen, the author briefly reviews the history of the American Medical Association politicians' long campaign to prevent such a test. He concludes:

So we learn that the greatest fraud of the 20th century is a drug which the AMA opposed at its inception on the basis of questionable test results, and which the Federal Government never has tested scientifically.

I suggest that the general public should read and study this report in order that it may form a more considered judgment on whether or not a test should be made of Krebiozen. For that is the issue involved.

I ask unanimous consent that this article by James Ridgeway, "The AMA, the FDA, and Quacks," from the New Republic of November 9, 1963, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### THE AMA, THE FDA, AND QUACKS

Anthony J. Celebrezze has joined together the forces of the Federal Government with those of the American Medical Association in a holy war against medical quacks. This was accomplished at the Second National Conference on Medical Quackery conducted during October 1963, in the vulgar pomp of the Sheraton-Park Hotel's Cotillion Room in Washington, D.C., in an atmosphere reminiscent of the naming of Miss Rheingold. Slender brunettes wandered about with klieg lights to aid photographers who might wish to take pictures of contraband merchandise including various sorts of sex rejuvenation equipment, electronic machines sold for diagnosis and cure of differing diseases, displays showing why calories do count, enlarged photographs of a once ugly woman, now horribly maimed because she participated in a beauty restoration which turned out to be carbolic acid. There were speeches, one by a man who felt TV had helped put down quackery because it had forbidden advertisers to demonstrate remedies for piles, an exhibition sure to distress the family; another by a woman who felt education was the answer (indeed, several speakers felt the one real hope lay with an educated and therefore outraged youth) and she was suggesting that every college student should receive training in spotting quacks at work.

You left this 2-day convention with the feeling you had been at a training camp for finks who on their return home could make a collect telephone call any time to the Food and Drug Administration to rat on any doctor not a member of the American Medical Association, the one credential agreed by all to be as authentic as an FBI badge.

Dr. Edward R. Annis, president of the American Medical Association, said at the onset that the American people were giving \$1 billion to the false purveyors of mystic healing. Not only had they lost their money to the siren songs of modern charlatans, others had lost their lives. Physicians had a grave responsibility for battling this evil, and, indeed, the AMA had been at it since 1847. Unfortunately in a few instances physicians actually had been aiding and abetting medical quackery by the use of worthless, secret remedies. A classic example was Krebiozen, found to be ineffective in the treatment of cancer by the Department of Health, Education, and Welfare. Twelve

years ago the AMA reported this alleged drug was worthless. But in the intervening years, the promoters of Krebiozen managed to distribute and sell it. In desperate or hopeless cases of cancer where medical science could not offer an effective treatment, the patient or his family has forced the physician into administering something other than Krebiozen. The physician simply did not have the heart to refuse a desperate person's request. However, the physician must remember the consequences of this act. In the case of Krebiozen, he unwittingly gave support to one of the greatest frauds of the 20th century.

Since Krebiozen stands so obviously as the principal example of quackery to both Government and AMA, it is worth going into its history briefly. The controversy began in 1951 when Dr. Andrew C. Ivy announced the preliminary results of a study of 22 advanced cancer patients who had been treated with Krebiozen. In 20 of these there had been beneficial results, he said, and claimed only that "the substance merits a thorough clinical study." Ivy certainly would not then have been considered a quack. He was vice president of the University of Illinois, a distinguished professor of physiology, a former executive director of the National Advisory Cancer Council of the Public Health Service, and representative of allied governments on the subject of medical ethics at Nuremberg. Ivy had been working with Krebiozen since 1949 when he had first met Stevan Durovic, a Yugoslav who had been conducting research on it in Argentina. The theory of Krebiozen was that the body itself contains an anticancer agent that explains the occasional spontaneous disappearance of the disease, and that this agent can be stimulated, extracted from tissues and used in treatment. Durovic got his extracts from the blood serum of horses.

Not long after Ivy announced the results of his study, the Journal of the American Medical Association in a report on Krebiozen reviewed the case histories of 100 patients treated with the substance and found that 98 of them failed to show real improvement. The AMA report disdainfully described Krebiozen as a "secret remedy." Its findings, however, were questioned because of the 100 cases, 24 were said to have been misrepresented because administering physicians reported different conclusions than those of the report. Fifty-eight other patients were said to have been so near death that they never received the fourth injection of Krebiozen, and none of the patients had been on the drug for long. In early November of 1951, Ivy was suspended from the Chicago Medical Society because of his involvement with the "secret remedy." In 1952 a University of Illinois study urged further trial of the substance in both animals and people. In 1961, after extensive experimental work, Ivy and Durovic presented results of treatment of 4,000 patients to the National Cancer Institute, hoping that these studies would provide enough information for the Institute to design clinical tests. But the Institute felt Ivy's results were inadequate, and the proposed tests were tabled until further scientific evidence could be provided. Cancer Institute officials, however, made statements in private that cast doubt on the validity of their objections.

In June of 1963, Durovic filed an application for continued distribution of Krebiozen as an experimental drug under the new drug laws. The FDA, however, made no secret of its determination to stop sale of the product, and before the application could be refused, Durovic withdrew it. This effectively banned the sale of Krebiozen from interstate commerce. In August of this year, 24 experts appointed by National Cancer Institute, met secretly to review 504 of Ivy's best cases, that is the cases where Krebiozen was said to have had marked effect. The 24

specialists unanimously urged that a clinical test of the drug not be undertaken since they claimed Krelbozen was worthless. Because of the great secrecy in which this inquiry was conducted, Senator Douglas has felt it necessary to make his own independent examination of Ivy's cases.

So we learn that the greatest fraud of the 20th century is a drug which the AMA opposed at its inception on the basis of questionable test results, and which the Federal Government never has tested scientifically.

#### MAYOR RICHARD J. DALEY, OF CHICAGO, HONORED BY UNIVERSITY OF WISCONSIN

Mr. DOUGLAS. Mr. President, the University of Wisconsin recently honored the distinguished mayor of the city of Chicago, Richard J. Daley. The university appointed Mayor Daley "politician in residence" for 1 day in recognition of his outstanding public leadership and political craftsmanship.

The honor is well deserved. Chicago's reputation suffered greatly in the 1920's because of the wide attention given the corruption and disorder of that period which certain sections of Chicago displayed to the world. But under the honest and progressive leadership of Mayor Daley this city's reputation has been lifted. Under essentially the same type of political system; namely, a mayor and city council or aldermanic board elected from the wards, Mayor Daley has brought the city's ratings in law enforcement, safety of citizens, mass transit and freeways, other public works, level of taxation, per capita debt, attractiveness of city bonds, financial management and other civic services and qualities to the highest levels among large American cities.

The choice of the University of Wisconsin was excellent also with respect to the author of the paper which the honored guests customarily deliver on such occasions. Mayor Daley delivered an excellent address on "Communication: Political Dilemma." Not only did the mayor properly point out the progress made by Chicago in recent years, he dealt thoughtfully and convincingly with current problems he faces including public housing programs, urban renewal, racial segregation, education and economic opportunity. It was appropriate that the mayor discuss these matters in the context of the problems of communications, for he is, himself, the major force working for effective communication among citizens and between groups and the city government. He asks, in the words of Thomas Jefferson, that institutions advance to keep pace with the times. Mayor Daley has lived up to the principle by making Chicago's city government a modern and progressive institution of public service.

Mr. President, I ask unanimous consent that Mayor Daley's address, which is relevant to many of the issues now before us, as it was published in the Chicago Sun-Times for November 10, 1963, be printed in the body of the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

[From the Chicago Sun-Times, Nov. 10, 1963]

#### COMMUNICATION: POLITICAL DILEMMA

(By Mayor Richard J. Daley)

I am happy to be here at Madison as the "politician in residence." I do not feel that I am a stranger here. As one of your neighbors, I have frequently visited your State and I know that many students who attend this institution come from Chicago.

In my discussion of communication I am concerning myself primarily with the effectiveness of the press, radio and television, in achieving the objective of an informed, enlightened citizenry. Although there is considerable criticism of our national press, and on occasion I have been one of the critics, newspapers do publish a great amount of factual information, stories in depth, and expert articles. The same can be said of radio and television.

It is, however, one of the most frustrating experiences for men in public life to find that although the medium of communication has presented facts concerning a subject or issue there is still so much misconception about the issue. For example, all four Chicago daily newspapers have written many fair articles and given editorial support for the program of rebuilding the city. The Chicago press has contributed much to the progress of urban renewal.

Despite this excellent coverage, however, there are still many misconceptions about this vital field. One of the most frequent complaints concerning the program is that it increases taxes, particularly property or real estate taxes. Yet it should be common knowledge that the costs of services in slum and blighted communities are substantially higher than required in other communities (police, fire, health and sanitation).

Much has been written about the public housing program. Many people believe that real estate taxes support public housing. The fact is that not 1 penny of the real estate tax supports the Chicago Housing Authority.

Furthermore, the authority pays in lieu of taxes 10 percent of every dollar of rent collected. These payments are 2½ times the amount paid by private owners in real estate taxes before the authority bought the properties and redeveloped them.

It is also contended that urban renewal projects in the city increase the Federal taxes. Actually, the appropriation for rebuilding communities by the Congress is not made to a region or to a city, but is appropriated in one lump sum. When a city does not use urban renewal funds, the Federal taxes that residents pay for that purpose are used in another city or section of the country.

Another aspect of urban renewal deals with the complaint that land clearance programs reduce revenues by taking existing property off the tax roll.

The city of Chicago has underway 27 projects in which slum and blighted land is being cleared with the assistance of Federal funds and then sold to private developers.

Six projects have been completed. The total assessed value of these projects after redevelopment has increased so that they now produce a tax yield that is 147 percent higher than before development. For all 27 redevelopment projects, which includes construction of universities, hospitals, and other nontaxpaying institutions, the annual tax yield is expected to more than double.

Many people complain about the social implications of urban renewal. Taxpayers who live in neighborhoods where there is no need for urban renewal see no physical evidence in their communities that could justify such expenditures.

But it should be obvious that crime, blight, unsanitary conditions, and delinquency cannot be contained by boundary lines. These conditions generally flourish in blighted areas.

Let us look at another example of the difficulty of communication. In Illinois there is a State law that prohibits the establishment of a garbage dump within 1 mile of any municipality without that municipality's consent.

Of course, communities will not consent. As a result, municipalities which formerly had been able to find areas for landfill disposal can no longer do so.

In the meantime, the existing refuse disposal facilities are reaching the limit of their capacities. The only alternative is the use of the incinerator, which also has the added inducement of being more sanitary. But no neighborhood relishes the idea of having an incinerator either in its community or nearby.

The municipal executive is faced with the possibility that he will have to let the garbage collect in the backyard or find a location for an incinerator.

When he does, the neighbors rise up in arms and charge: "dictatorship," "bossism," "refusal to recognize the rights of the community," and promise to vote him out of office.

This is to be expected, but what is really difficult to take is the sympathy and the support for their position given by many groups in other communities. This is aggravated by the space given to their complaints by the newspapers and the broadcasters.

As a result, instead of emphasizing the contribution that the site will make to the well-being of all the people of Chicago, its focus is on the hardship of a few.

The failure of communication has become particularly evident to me in the public understanding of the relationship between the mayor, the board of education and the superintendent. The Illinois State law provides that in the city of Chicago the mayor has the power to select the members of the board of education. The members of the board have the power to establish the policies and to employ a general superintendent to administer the schools.

It has been adopted policy in the city of Chicago for the mayor to select the members of the board from recommendations made by a school board nominating committee composed of 19 civic organizations, including the presidents of 6 universities.

In 1955, when I ran for my first term as mayor, it was charged and carried repeatedly in the press that if I were elected I would ignore this method of selection. It was said that politics would run rampant in the administration of our school system.

In the 9 years that I have been mayor, I have never violated that pledge. Despite the fact that my position has been carried by the press, radio, and television, I have been asked innumerable times in every single year, by an interested individual or group, to interfere with the board of education. And in the recent difficulties, which not only face the Chicago school system, but the school systems in many cities, I have been charged with neglecting my duty by people representing opposing viewpoints, because I am honoring my pledge.

The areas where communication has failed to guide the actions of people are many. For example, such common misunderstanding as:

"The only reason for the unemployment of Negroes is their color."

"Only Negroes are on relief."

"People who are on relief are there because they want to be."



"All we need is more expressways to solve the transportation problem."

"The answer to juvenile delinquency is jail."

"There is no such thing as an honest politician."

This inability for communication to change concepts or to mold opinions based on fact can be costly and provide tremendous barrier to progress. For more than 50 years there have been many attempts to bring the educational resources of the University of Illinois to Chicago. As a member of the legislature in 1939, I joined with many others in an effort to bring this about.

Each year the need for a State university became more urgent. A college degree is no longer a luxury or a privilege for the sons of people who can afford higher education. It has become as necessary and as requisite as a high school diploma used to be.

In seeking a location for this university we ran into unpredictable circumstances. After much consideration and searching, a site was selected on the near West Side, in a location which is probably the most accessible, not only for the students of our city, but for the entire metropolitan area. It then became necessary that residents of that site be relocated.

It is indeed unfortunate that in the selection of sites for public improvements, some people must be moved and may experience hardship. But in a democracy the principle has been, and must be, that government should promote the good of the community as a whole, and certainly a State university would not only serve the immediate needs of the young people of our area, but would supply a vital service for generations and generations of young people yet to come.

All of our daily newspapers editorially supported the university site, as did, for the most part, television and radio. Yet, the resistance by a small group, accompanied by active demonstrations and sit-ins and with whom many sympathized, including myself, was so great, so continuous, and so harassing that the construction of this university was threatened and delayed for more than a year.

For many improvements of this type, there is a great deal of support from the community when the plans are announced, but they disappear when the plans must be carried out in the face of an organized yet small opposition.

The question could be fairly asked, if the media of communication agree with the fairness and logic of your position, and printed the facts, why does this communication fail to clear up misconception? Why does it fail to bring the public official the support he needs?

The answer to that is found, to some extent, by examining the media, and, may I say, that my remarks for the most part apply to the daily newspapers throughout our nation and not particularly to the Chicago press.

The front page of every newspaper is supposed to contain the news of greatest importance and of greatest interest. Let us examine 11 headlines of a morning newspaper dated October 23. Let us see how many of these headlines contain a word which is negative, dramatic, of conflict, sensational, or emotional.

Here are the words which appeared in eight of these headlines: "Pickets \* \* \* Attack \* \* \* Spurns \* \* \* Protest \* \* \* Theft \* \* \* Bars \* \* \* Appeals \* \* \* and Boycott."

Now here is an afternoon paper of October 22, not owned by the same publisher—and here are the words which appeared in eight headlines: "Boycott \* \* \* Protest \* \* \* Subdued \* \* \* Crashes \* \* \* Disorder \* \* \* Die \* \* \* Killed \* \* \* Bomb."

(I have not included the caption which appears over the daily feature "Today's Chuckie.")

Let us look at the front pages of newspapers of October 5—actually you can take any date. Of 13 headlines in the St. Louis Post-Dispatch, 6 contain these words: "Warning \* \* \* Burns Himself \* \* \* Arrested \* \* \* Contempt \* \* \* Protest \* \* \* and Jam." And this is one of the best newspapers in the Nation.

Another excellent newspaper, the Milwaukee Journal, on the same day had these words in 10 headlines: "Threat \* \* \* Killed \* \* \* Dispute \* \* \* Dies \* \* \* Raid \* \* \* Kills \* \* \* Injury \* \* \* Delay \* \* \* Quit \* \* \* Burned," and the picture on the front page is an excellent photograph of an automobile accident in which one can see clearly the victims lying on the ground.

The Washington Post had the following on the same day: "Beaten \* \* \* Breaks \* \* \* Disunity \* \* \* Strike \* \* \* Morals Case \* \* \* Police Question \* \* \* Bandit \* \* \* Seige \* \* \* Beaten To Death."

I could go on and on. I am sure that you will find it interesting to note the constant use of these attention-getting words on the front pages of the national press, wherever you may live, words that are of conflict, negative, and are sensational. If this is the method by which you can get people to buy your newspaper and to read your front page, is the converse not true? \* \* \* that headlines which are factual, informative and non-sensational will discourage the purchase of a newspaper?

Apparently, this is why a great many informative, factual stories are carried on the inside pages.

Let us turn our attention to television. There is little need for me to point out to you the eternal themes of violence, cruelty and misery which dominate television.

However, I would like to read to you the television highlights as published in one newspaper on October 17. These programs represent the best offered for that evening.

6:30 p.m.—A fight over a pretty waitress ends in death and a murder conviction.

7:00 p.m.—A man wearing leg irons is found half dead in a river.

7:30 p.m.—A doctor, obsessed with developing a mechanism to take over in a heart operation is accused of neglect by his ailing wife.

9:00 p.m.—A man attempts suicide when he finds himself unable to manage the family business he has inherited.

And, mind you, these are the highlights. Now the percentage of violence shown on a television news program is not this high, but news shows have a greater responsibility and they are faced with even a greater problem.

Most news programs are 15 minutes in length. Three minutes, an exact minimum of 3 minutes, are devoted to the commercials. Of the remaining 12 minutes, depending on the importance or interest of the news, 4 or 5 are given to international or national news; 3 or 4 to State or local news; and 3 or 4 to sports and the weather.

Now, if we examine the segment given to local news and we presume that two stories are covered, we would find that they must be covered in 2 or 3 minutes. Now television and radio are proud of their objectivity and their fairness, but I say, regardless of their intentions and their wishes they cannot present both sides of an important issue fairly in 2 or 3 minutes. And they, too, are equally concerned in getting the widest circulation and using that which is most dramatic, most sensational, and most entertaining.

Of course radio and television carry many informative programs, particularly in those hours where there are the fewest listeners. It is something like the use made of the inside pages of a newspaper.

Recently television has been utilizing more of its prime time for important, informative programs, and I congratulate them.

I sometimes wonder if all the media have been so concerned with conflict, drama, excitement, and vicarious experiences—if, in fact, they have not set up a conditional response from the public which actually discourages the public from reading, looking, or listening to informative and positive communication.

There is perhaps no greater example of a communication gap than between scientific progress and social progress. It was felt that science would not only make new discoveries in the physical world, but would make an equal contribution to our social world.

There is no question of the contributions that have been made to our material comfort by the use of newly developed scientific chemicals and processes. But these same chemicals and processes emit byproducts which pollute the air.

The further development of nuclear research promises to be one of the wonders of the world. But fallout and radiation threaten the welfare of every human being.

Let us understand—that the gap between the progress of science and social control is not only of local concern, but, indeed, regional and worldwide. Air pollution concerns vast urban areas, fallout is worldwide, pesticides threaten the health of every person, automation is as much of a threat as a promise.

Making a choice between the benefits and hazards of scientific achievement or breakthrough is a value judgment, a judgment based on the ideas of social good, on morality, on religion, not on science.

The scientist and the specialist must provide the information, the guidelines, the principles that can bring about an informed public judgment.

This communication to the elected official is essential, for it is in the world of politics that the social judgment will be made. This communication to the citizen is vital, for it is he who must provide the consensus which guides the administrative decision of the government official.

It has been suggested that there is so much information and so many facts, so many problems, and so many alternatives, that it is beyond the capability of any person to keep fully abreast, to be fully informed.

But we cannot accept the overabundance of knowledge as a ground to abdicate social judgment. There are many reactions to the dilemma. Some people are turning away from today's realities because they have lost their faith in the ability of the communication media to help guide their decisions, because they have lost faith in the ability of science to help solve their social problems.

The enormity of facing the results of changing times and scientific progress, and the inability to exercise effective social judgment has caused people to look backward when the needs for such decisions were not so overwhelmingly urgent.

It leads to such attitudes as:

Let's blast Russia off the map.

Let's eliminate the income tax.

Let's take away the powers granted to the Federal Constitution and restore them to the States.

Let's withdraw from the United Nations.

And, as somebody has so well put it in describing the leaders of these proposals, they have all the answers, but none of the solutions.

I know that many of our people are disturbed by our inability to make a better world, but I personally believe that the majority of Americans want to meet the challenges of our age.

I hope that I have not given the impression that I believe this is a world where we have

made no progress, nor that I am a grim pessimist who sees no forward movement. I am an optimist, and my optimism is founded on the progress that has been made in my own field of activity, municipal government.

It is unfortunate that the progress of many cities has not been fully communicated to the people by the press, radio and television.

Let us take the city of Chicago and the progress that city government has made with the support of the people of Chicago.

Earlier this year, the National Safety Council announced that Chicago was the safest big city in the Nation.

There is not a big city in the world which has street lighting that can compare with Chicago's. Nearly every residential and business street has new, modern lights.

Early in 1963, Chicago was given a national award for being the cleanest big city in the Nation. This continued a proud record achieved in 1959 and again in 1961.

In the past 6 months there has been a steady reduction of crime in Chicago, while crime rates in other cities have been going up. Since he has taken command, Superintendent O. W. Wilson has created a new image of the police department.

Our expressway system is nearly completed, and the use of a mass transit facility in the Congress Expressway has become a model of future transportation.

The U.S. Census Bureau of Housing reported that in the period between 1950 and 1960 the number of dilapidated dwellings in Chicago was reduced by more than 50 percent and in the past 2½ years the number of such dwellings has been further reduced by 6,000 or 7,000.

Chicago has one of the most farflung urban renewal programs in the Nation, and I am sure that those of you who have visited Chicago have been impressed by the new private construction in the Loop and in the neighborhoods, which totals more than \$1.5 billion since 1957.

Chicago has carried on a tremendous public works and community improvement program, while at the same time it has continued its top ranking financial position.

Chicago's overall debt per capita is the lowest of the five cities with more than a million population, and the fourth lowest of the Nation's 42 largest cities.

Chicago is one of the three major cities in the Nation whose bonds received a Dun & Bradstreet prime rating. Just last July the city of Chicago was awarded a certificate of conformance for distinguished financial reporting by the Municipal Finance Officers Association, and is the largest city in North America to be so recognized.

Throughout the Nation there has been much printed about racial relations, and I urge the Congress to pass President Kennedy's civil rights bill.

A good deal of public attention in this field has been directed to Chicago. Here are some of the facts:

There is a significant and important message in the growth of the Negro middle class in Chicago. The Chicago Commission on Human Relations, in a report based on the census, points out that at least 35 to 40 percent of Chicago's Negro families belong in the middle class on the basis of their college education, occupational status, income, and homeownership.

I would like to refer to a column in the Chicago Defender written October 26. The column contains some extremely critical remarks, with some of which I do not agree, but I would like to quote the conclusion of the columnist:

"But coming back 10 years later is to come back and find a city on the move, the Dan Ryan Expressway, Marina City, Lake Mead-

ows, Prairie Shores, to name a few which weren't here when I left, and to discover a new dignity that Chicago Negroes now feel. They may live in the second largest city in America, but it's just about the most fascinating and unquestionably the most exciting.

"They've begun to awaken to their power and its attending responsibilities. As they quicken to their roles as businessmen, politicians, civil leaders, and heads of families, there's going to be that critical balance which will make Chicago probably a truer American city than any other."

I would like to give you some vital statistics from the U.S. census:

Chicago Negro families have the second highest median family income in America. Chicago Negroes have the highest median value of owner-occupied homes in America. While the median education level of all Chicago is 10.3, it is 9.3 for Negroes.

These statistics are quoted from the Chicago Defender, the large Negro daily.

Furthermore, the Human Relations Commission's report, based on the census, reveals that between 1950 and 1960 the number of nonwhite families in Chicago earning \$6,000 or more increased by 1,137 percent.

Between 1950 and 1960, for nonwhites 20 years and over, there was a 66-percent increase for those completing 4 years of high school, a 79-percent increase for 1 or more years of college, and a 70-percent increase of 4 or more years of college.

Chicago is one of the few major cities in the United States where not a single student is on a double shift at school.

I could go on at great length concerning the progress that has taken place in my city and which could not have taken place without the support and the understanding of the people of Chicago. However, I am not taking the position that I am satisfied or that the people of Chicago are satisfied.

There is room for improvement in every activity. Certainly in the field of human relations there is much to be done in Chicago, and in many of the cities throughout the Nation. Throughout the country, municipal government has improved in providing the basic, direct service to their citizens such as police, fire and health. Municipal government today has adopted all of the modern methods and techniques of private industry to provide services with greater economy and efficiency.

We can build bridges, design safer streets, construct expressways, filter water, and build schools better than ever before.

In this narrow sense there has been no failure in communication. From this great university, from the centers of higher learning throughout our Nation, will come the doctors, lawyers, engineers, architects, scientists, and agronomists.

As doctors, what is your viewpoint concerning our increasing population of elderly people and their need for medical insurance which is not based on an oath of pauperism?

As lawyers, what is your approach to the lack of representation of our urban populations in most of the State legislatures of our Nation?

As economists, what is the answer to automation, an invention which will eliminate more jobs than it will create?

And what judgments have all of you made, regardless of your professional training, concerning the great international issues that face us?

These are only some of the issues in which there is a desperate need for communication, for the presentation of alternatives based on the latest knowledge, the best thinking.

Will you resign yourself to the modern rationalization that people are but objects

moved by forces so great that it is only futurity to try to change their direction?

Will you adopt the defeatist viewpoint which some people call conservatism, that the way forward is to look backward?

That cannot be the attitude at this center of learning, for it is to you that society must look.

The Chicago editor, Walter Howey, was the first to organize the staff of the New York Mirror. Howey's announced policy was: "90 percent entertainment and 10 percent information."

It was explained in a number of articles that the New York newspaper strike and rising costs were responsible for its failure. Not a single account blamed his policy.

An outstanding television network executive recently stated to a television class:

"Television is not an art form. Our primary purpose is to make a profit. Our business is entertainment. But social convention requires efforts to 'uplift' the community as a secondary consideration."

And in the field of science, for the most part, social judgments, social controls are secondary considerations.

I would be the first to admit I have discussed the problem of first magnitude. I ask you to be tolerant of generalization and oversimplification in discussing the dilemma of the ages, social communication.

Let me reiterate:

There are many newspapers, radio, and television stations that make great efforts to inform and elucidate.

There are many scientists who are aware of their social responsibility, who are participating as citizens as well as researchers.

But, if we are to close the communication gap involving the social issues of our changing world, they must do a better job.

The dilemma of communication I have discussed faces all elected officials, not only the mayor of Chicago. We desperately need the help of all the communication media if we are to do a better job. Their power for good is immeasurable.

As Thomas Jefferson said:

"The basis of our Government being the opinion of the people, the very first object should be to keep that right; and were it left to me to decide whether we should have a government without newspapers, or newspapers without a government, I should not hesitate a moment to prefer the latter."

Jefferson did not look backward but always forward. He said: "Some men look at constitutions with sanctimonious reverence, and deem them like the Ark of the Covenant, too sacred to be touched. They ascribe to the preceding age a wisdom more than human, and suppose what they did to be beyond amendment. . . . I am certainly not an advocate for frequent and untried changes in laws and institutions. . . . But I know that laws and institutions must go hand in hand with the progress of the human mind. As that becomes more developed and manners and opinions change with the change of circumstances, institutions must advance also, and keep pace with the times."

These words need constant repetition. Today, when the world has become smaller, when the powers of destruction have become total, when we are economically interdependent, when changes are so quick, scientific breakthroughs so frequent, the need for communication has become the most urgent and pressing need in the history of mankind.

As we face the future, it is apparent that the challenge of today and tomorrow must be met by leadership working with people rather than by electronic brains, the drawing board, and the laboratory.

Whatever progress is made will be accomplished through the decisions of those elected by ballot. It is through political leadership



responsive to the will of the people, an enlightened citizenry, that we can achieve the ideals of a democratic and free people.

#### SALES OF SURPLUS COMMODITIES FOR EXPORT ON CREDIT

Mr. HUMPHREY. Mr. President, I wish to comment with respect to the export program and the relationship of the Commodity Credit Corporation to it.

The Commodity Credit Corporation has a program under which sales of surplus commodities in its stocks are sold for export on credit guaranteed by private banks. I underscore "guaranteed by private banks," because the argument last night and the discussion today on the Mundt amendment related to credits that were guaranteed by the Government bank, the Export-Import Bank. It was made quite clear in the colloquy today with the Senator from South Dakota [Mr. MUNDT] that sales of Commodity Credit Corporation stocks guaranteed by private banks do not fall within the purview of his amendment and the resolution that was referred to the Committee on Banking and Currency. Nor do the sales guaranteed by private banks or financed by private banks fall within the purview of the discussion relating to Government assistance in the financing of sales of commodities to Communist countries. These are commercial loans for export to hard-currency countries, and not in any sense guaranteed by the Government.

The credit is extended to U.S. exporters. The exporter has to arrange for a U.S. bank to guarantee the payment, and in this instance the payment is to the Commodity Credit Corporation.

The period for which credit is extended ranges from 6 months to 36 months.

Since July 1, 1963, credit sales have been made under this program for more than \$65 million. It has been planned to make sales under this program for export to Bulgaria, Czechoslovakia, Rumania, and Hungary. Again, these are sales, the credit for which is guaranteed by private banks, not by a Government instrumentality.

It is believed that it would be helpful to our foreign policy if these Eastern European satellites were less dependent upon the U.S.S.R. Sales to them would help to achieve this purpose. We have the surplus commodities in Government stocks, and the benefits we realize from their sale is almost entirely a net gain, both in terms of balance of payments and in Government receipts.

It would be foolish for us to shut the door on this commercial market when we are trying so hard to make the same kind of sales to other commercial markets. At present there is an active interest in exporting tobacco, corn, wheat, and vegetable oils to satellite countries. I am not speaking of the Soviet Union; I am speaking of satellite countries. Other countries in Western Europe are actively competing for this market. Undue delays in making credit available will reduce the possibility of the sale.

I ask unanimous consent to have printed in the RECORD a bulletin entitled

#### "CCC Export Credit Sales Program— How It Works."

There being no objection, the bulletin was ordered to be printed in the RECORD, as follows:

#### CCC EXPORT CREDIT SALES PROGRAM—HOW IT WORKS

##### COMMODITY AVAILABILITIES

Commodities eligible under the CCC export credit sales program are those in CCC inventory as listed in the CCC monthly sales list, and tobacco under loan to CCC. During 1962 the following commodities were in CCC inventory and thus eligible for financing: butter, nonfat dry milk, cheddar cheese, cotton (upland and extra long staple), peanuts, corn, wheat, oats, barley, rye, grain sorghums, rice (rough and milled), dry edible beans, cottonseed oil, refined, and gum turpentine. CCC has from time to time sold out of certain of these commodities.

##### COUNTRY LIMITATIONS

U.S. Department of Commerce export control policies and regulations as referred to in the applicable CCC commodity export program announcements are applicable with respect to export of agricultural commodities to certain Communist or Communist-controlled countries and areas.

##### PERIODS OF DEFERRED PAYMENT

CCC will defer payment for periods up to 36 months, depending upon credit need, and country of export.

##### INTEREST RATE

Interest will be charged at the rate specified in each credit approval and shall run for the length of the deferred payment period.

##### BANK OBLIGATION

For all purchases made under this program, there will be required an assurance of payment from a bank in the United States. This may be in the form of an irrevocable letter of credit; an endorsement on a note executed by any party to the transaction; a draft accepted by the bank; or some other form of bank assurance acceptable to CCC. A foreign agency bank licensed under New York law, will qualify as a bank in the United States.

##### EXPORTER'S OBLIGATION

The exporter is not obligated to buy commodities from CCC when granted a credit approval. If he is going to use the credit extended, however, he must purchase the commodities within the purchase period specified in the credit arrangement. Upon acceptance by CCC of the bank obligation, CCC will not hold the exporter responsible for the purchase price plus interest, but will look only to the U.S. bank for payment. To the extent that the bank obligation is issued on the basis of the importer's line of credit, the exporter's line of credit will not be used.

##### PURCHASES

Purchases of commodities on credit are made in accordance with applicable CCC export sales announcements to the extent that the commodities are available in CCC inventory at the time of purchase. In accordance with these announcements, the exporter will present to CCC proof of exportation of the commodities or substitute commodities as provided in the announcement after the commodities have been exported. Purchases will be made during the period provided in the credit arrangement for such purchases.

##### CARGO PREFERENCE ACT

Provisions of Public Law 664, 83d Congress (the Cargo Preference Act requiring shipment on U.S. flag commercial vessels) are not applicable to export sales under the CCC export credit sales program.

#### APPLICATIONS

U.S. exporters apply to the Office of the General Sales Manager, Foreign Agricultural Service, U.S. Department of Agriculture, Washington, D.C., under credit announcement GSM-1, revised, giving: (a) dollar amount of commodities desired to be purchased; (b) commodity or commodities desired; class, grade, quality, and quantity; port of export and country of destination; (c) period during which it is desired that purchases be made; (d) period of deferred payment desired; (e) the extent to which credit will be extended to the importer; (f) name of bank in United States which will assure payment.

(Exporters desiring to purchase tobacco on credit apply under GSM-2.)

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an editorial entitled "Bonn's Opening to the East." The editorial was published on May 14, in the New York Times.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Times, Nov. 14, 1963]

#### BOON'S OPENING TO THE EAST

In a move that could ease European tensions, West Germany is seeking to improve relations with Communist-ruled countries in Eastern Europe. Following agreements with Poland and Rumania to expand mutual trade and establish West German trade missions in their capitals, Bonn has now reached a similar agreement with Hungary, and negotiations are going on with Czechoslovakia and Bulgaria.

These agreements are in line with Chancellor Erhard's middle-of-the-road policies, more flexible than those of his predecessor. They still fall far short of diplomatic recognition, which West Germany refuses to any country recognizing the East German regime. But the trade agreements, supplemented by German promises to promote understanding for East European trade interests within the European Economic Community, are regarded in Bonn as the first steps toward a reconciliation which would help to meet Eastern Europe's urgent need for Western goods, make it less dependent on Soviet Russia and perhaps ultimately pave the way for a solution of the problems of German reunification and European security.

As a small advance in this direction, West Germany has won the approval of its new Eastern trade partners for inclusion of West Berlin in the "West German mark area." But Soviet resistance to any recognition of West German rights in Berlin continues to hamper trade relations with the U.S.S.R., whose hostile attitude makes it easier for Bonn to agree with the United States on a policy of barring long-term credits for the Soviet bloc. Trade is a potent political weapon, but without such credits its uses remain strictly limited.

Mr. HUMPHREY. Mr. President, I make this statement and submit these items for printing in the RECORD because last evening, when the Senate was engaged in debate on the Mundt amendment—which today was withdrawn, I commented on the recent trade agreements negotiated by the Federal Republic of Germany with certain of the satellite countries—in particular, with Poland and Rumania.

I do not want my remarks in regard to Germany to be interpreted as critical or in condemnation of that country. I fully

recognize the importance of German industry and the importance of having the Federal Republic of Germany have a strong economy. Chancellor Erhard's policies have produced rather amazing and miraculous results for the German economy.

I merely suggest that the Germans, who often are known as good professors, might well be listened to in this instance in connection with the consideration of trade policy. The Germans are as opposed to communism as anyone could be. The Federal Republic of Germany has a vigorous record of anticommunism and of prodemocracy, for which we are extremely grateful; and Chancellor Erhard is a wise and prudent man. He understands that it is better to trade than to give aid. He understands that trade breaks down barriers of misunderstanding. He understands that through trade it is possible not only to penetrate a market, but also to penetrate minds. And he understands that through trade, it is quite possible to relax tensions and to break away from the absolute control by the Soviet Union over the economies of the satellite countries.

I believe that this New York Times editorial, which refers to recent developments in the Federal Republic of Germany in terms of economic policy, is worth the attention of every Member of the Senate.

#### THE SAO PAULO CONFERENCE AND THE ALLIANCE FOR PROGRESS

Mr. HUMPHREY. Mr. President, I wish to comment on the developments at the São Paulo Conference, in Brazil, in connection with the Alliance for Progress. As I said earlier today, during the past week newspaper and radio commentators have been wringing their hands over the Alliance for Progress, and there has been a good deal of what one might call "doom and gloom." During the week we read newspaper headline articles about President Goulart, of Brazil, and the statements he made in his opening speech at the Conference. In that speech, he pointed out that trade and commodity prices represent the major problem confronting Latin America. Regrettably, he downgraded the Alliance for Progress.

Under Secretary Harriman, representing the United States, and Mr. Moscoso, in particular, representing the Alliance for Progress, were able to carry the day, in cooperation with our Latin American neighbors. The proposal which the United States had endorsed, and which was advanced by this country and other countries in this hemisphere—to "Latinize" the Alliance by establishing a coordinating committee for the Alliance, has been endorsed and is wholeheartedly supported by the Conference at São Paulo.

I consider this a highly important and singular diplomatic victory, not only for the United States, but also for the nations which have adopted the reforms agreed upon at Punta del Este and for the nations which have actively cooperated in making the Alliance for Progress what

it truly is—a hemispheric program in which all of us are partners.

This great victory represents the first major breakthrough in making the Alliance for Progress a real alliance of the countries of Latin America, which with our help can achieve the great goals of the Alliance. It represents a very important step toward greater involvement of the Latin American countries in implementing the goals of the Alliance.

This development should be very encouraging to all those who think that the Latin American countries are not really behind the Alliance for Progress. They have shown by this step that they are ready and willing to shoulder their responsibilities for implementing the Alliance and for managing the affairs of the Alliance with our help. As we know from our experience with the Marshall plan, this kind of self-help and internal management is essential if U.S. aid is going to be effective in helping these countries to help themselves.

Our goal is to make the Alliance more and more a true and working alliance, and less and less a U.S. aid program.

I am happy that the Senate concluded debate on the foreign aid bill at a time when there is in the air at São Paulo, Brazil, a victory note for the Alliance for Progress. The Alliance for Progress is weathering the storms of criticism and dissent. The Alliance for Progress is a peaceful revolution in this hemisphere of historic importance. The Alliance for Progress is our only hope for constructing in this hemisphere an orderly change for better living, for a more progressive economy, and for political freedom. The alternatives to the Alliance for Progress are violence, disorder, and chaos.

This is why I have tried on this floor, day after day, to direct attention to what I consider the fundamentals and the main body of the Alliance for Progress program.

I recognize that funds were taken out of the foreign aid authorization bill, when it was before the Senate, from what we call the social progress trust fund; but I predict that the full authorization for this fund will be restored in conference, because in dealing with that area the House of Representatives voted for the full amount of the authorization requested by the administration.

Mr. President, the Alliance for Progress is our best bet for freedom in this hemisphere. As the President of the United States properly said, what we are doing at the present time is putting into the entire Western Hemisphere about the same amount of money that Russia is putting into Cuba; and I cannot believe that this Nation, the richest in the world, will do less for all of Latin America than Khrushchev is doing for the island of Cuba.

Therefore, I have vigorously tried to defend the program of the Alliance for Progress. I do not do so because I believe it is perfect—because we know better than that. I do not try to defend the Alliance for Progress because I believe it has produced phenomenally constructive results, because I know better than that.

But I say it is making progress and it is vital to progress in this hemisphere; and I say that until someone can show us a better way, we had better stick with this way—the way of the Alliance for Progress.

With further reference to the speech by Mr. Goulart, whom I have been privileged to know, and he is the President of a great country and a great people—I make the following comment: Commodity export prices have long been a problem for all countries. In fact, coming from the Midwest, I think I know what it means when raw material prices are depressed. The wheat farmers, the dairy farmers, and all who produce food and fiber from the soil know what depressed prices mean. One of the regrettable developments in our time is that most of the thinking which today controls nations is the thinking of men and women who come from the finance community or the manufacturing community, rather than by those of the raw materials-producing community. Therefore, all too often we have inadequate appreciation of the importance of commodity prices.

World markets are fickle, and the prices of the goods which the primary producing countries have to import have been on the rise. But in the past year, the situation for most of the Latin American countries has been improving. In 1962, the value of the goods exported from the Latin American countries increased by 6 percent, and indications are that this trend is continuing.

I should add, Mr. President, that where there is a regional approach and where there is a common market, such as in Central America, the rise in exports has been tremendous—as much as 30 percent, and the improvement in the economic position has been considerable.

Unfortunately, not all countries have shared in this favorable trend. The reason is that internal policies—especially financial policy, lack of diversification and other elements in the domestic economic situation—have reduced the long-range benefits of a few countries from the improving trend.

Regrettably, Brazil qualifies as one of those countries in which there have been severe internal difficulties. Inflation in Brazil is like a prairie fire sweeping the country. I do not raise my voice in criticism because it is important to all the world that Brazil remain as a free country, that parliamentary institutions be preserved, and that her economy be strengthened. I wish to do all that I can as a responsible public official to cooperate in that endeavor.

Our Ambassador to Brazil, Mr. Gordon, has pointed out clearly and succinctly and on more than one occasion that his Brazilian friends peg all their calculations and complaints to the highest price level their commodities have reached.

The Ambassador has carefully and courteously pointed out that that is an unrealistic approach, that it is in the nature of commodity prices to vary, to be flexible, and to fluctuate, and that the world owes no country or producer the



difference between the highest price it is willing to pay at one time and any drop in price that the same world market develops at some other time.

What we have attempted to do is to stabilize commodity prices. We have been doing it through some commodity agreements, and some of those commodity agreements are being developed year after year.

For many years in past decades Brazil has experienced favorable trade balances, even when commodity prices were far below their highest levels. That shows that many factors other than the world market for commodity prices, as emphasized by President Goulart, or the imaginary evil machinations of a nonexistent capitalistic clique, cause a country to have good or bad earnings from its commodity exports.

Even recognizing this and many other problems, the inter-American community has made considerable headway in key areas since the Alliance for Progress was initiated.

I have mentioned before the building of 140,000 homes, 8,200 classrooms, hundreds of water systems, hospitals and health centers. Those instances and the distribution of 4 million textbooks and the feeding of 9 million children are just a few of the concrete indicators of progress that are too often ignored by the critics or derided by the cynics. Tax and land reforms have got underway in countries wherever the political leadership has shown the imagination and the boldness that it takes to get countries with deeply encrusted habits out of the rut and into a new direction to progress.

For example, in Brazil we have given evidence of our interest in working with the people of that country. The United States has committed some \$700 million to the development of that great South American nation. We have cooperated in the building of schools, roads, water systems, and aided in the resettlement of farm families and the rehousing of slumdwellers.

We are doing more all the time. Unfortunately, billions of cruzeiros—the local currency—in counterpart funds from Public Law 480 shipments have not as yet been put to use. The reason is that we have not been able to arrive at an agreement with the Brazilian Government as to the proper use of those currencies. We are eager to plow those resources into Brazil's development programs because they could be of great advantage to large numbers of people who deserve assistance and whom we want to help.

Reports on Mr. Goulart's speech indicated that he himself recognizes the lack of movement toward development goals within Latin America. He said:

Reality can no longer tolerate that Latin America remain an archipelago of nations, implacably separated by the sea of frustrations of our own difficulties.

To that statement I am sure all of us would express agreement.

That is why it is a policy to which all Alliance members subscribed in Punta del Este; namely, to promote the economic integration of Latin America.

That is why self-help and reform within each of the Latin American countries must be the basis of Alliance progress.

I repeat once again that the Alliance for Progress is a cooperative mutual assistance endeavor. It is a program for which most of the resources, financial as well as human, must come from the Latin American countries and peoples themselves. We are a big partner, but it is not a U.S. program. It is a hemispheric program. It is a program in which we play a part, but a program that is not strictly a U.S. endeavor.

In summary, internal effort by the Latin American countries must be the essence of this Alliance. Outside aid is vital, yes, and can often provide the margin of success. But it still is only a margin. This is not an aid program of the conventional type. This is an alliance—just what the word says. And whether, as the newspapers emphasize, it was mentioned once or twice or not at all by this or that speaker is immaterial. What is important is whether the policies to which all 20 member nations subscribed are followed. We of the United States are willing to go a long way in carrying out these policies endorsed at the Punta del Este Conference and outlined in the Alliance for Progress. But we can and shall only help our Latin American partners.

We cannot do it for them; nor should we.

It is they who must make the hard decisions and carry on the bold policies it takes to move toward genuine development. For they are the masters of their own destiny and, as President Goulart says, they themselves must find their way out of their own difficulties. In that sense President Goulart's speech was most constructive and most realistic.

However, I wish to make clear that the interpretation that has been placed upon some of the comments at São Paulo is not an interpretation which today can stand the test of careful scrutiny, because today the partners in the Alliance have taken their part. They are supporting the United States in this endeavor, and we are supporting them in their endeavor. We have joined in establishing now this committee of supervision, of monitoring, of planning and programing—a committee that includes representatives of the Latin American countries as well as the United States—to better coordinate and integrate all the policies of the Alliance for all of the countries that participate in the Alliance for Progress.

I am encouraged. I am encouraged despite the many days of debate in the Senate over the foreign aid bill, a debate which has often been interpreted—and I gather properly so—as being most critical of the foreign aid program. Some people have interpreted it as literally crippling the foreign aid program.

I wish to make quite clear that I do not believe we have crippled the foreign aid program. I think we have placed some unwise restrictions upon those who are responsible for the administration of the program, but the program will still have plenty of momentum. It will still

have financing. It will still have dedicated people.

As I said earlier today—and I wish my record to be crystal clear—I appreciate the faithful service of Fowler Hamilton, who was the previous Administrator of the AID program, of Henry Labouisse, who is presently our Ambassador to Greece, who undertook in the early days of the Kennedy administration the development and the management of our foreign aid program. Those are great Americans. Those are faithful, loyal, and excellent servants of the public weal.

I appreciate the high quality of those who are the assistant administrators of the AID program, and the tremendous effort that a man like Mr. Teodoro Moscoso is making. I must say that I have never known anyone who was more dedicated to the policies and the programs of which he has been assigned supervision and management than Teodoro Moscoso, affectionately known as "Ted Moscoso." The coordinator of the Alliance for Progress programs is giving of his very life to make the program successful. He is doing well with it.

I know that David Bell made a great sacrifice in accepting responsibility for the direction of foreign aid. I wish to make it manifestly and unequivocally clear that he is a good administrator, that nothing revealed in the debate cast any reflection on his integrity, ability, or competence.

Most of what we talked about in the foreign aid debate were the mistakes of many years past, mistakes that were made in the process of developing foreign aid. Many of the criticisms were related, I might add, too, to military assistance. Most of the General Accounting Office reports related to misuse of military weapons.

The technical assistance program, the social progress program, and the economic development program in the main, have been well managed and have fulfilled their objectives.

So I want the men and women who are working for AID, and those in the State Department, to realize that they do have friends in Congress. I do not believe everyone deserves a pat on the back on every occasion, but I, for one, do not like to see the State Department—that great arm of government—which is the frontline of our defense in the cold war and which represents the application of reason, intelligence, and diplomacy to the problems of the day downgraded or demeaned in any way.

America is fortunate to have men like Dean Rusk, and Averell Harriman, and George Ball, and David Bell, just to mention a few. When someone attacks the State Department, he is attacking these men, because they run the State Department. When someone attacks the State Department and the Foreign Service, he attacks its individuals.

I said last week that the Foreign Service represents our peacetime soldiers on the diplomatic, political, and economic front. The Foreign Service is capable, able, disciplined, and trained. Our AID people are making sacrifices far beyond

those of many civilians. Our Foreign Service and AID personnel do not deserve to be whiplashed, to be criticized en bloc, to be demeaned by words that indicate they are unworthy of their trust.

So I believe, as we pass the foreign aid program and give it a big vote of confidence, that a vote of confidence should also be extended to those who administer the program, to those who

work down the line and carry out the daily tasks of economic aid and technical assistance throughout the world.

Mr. President, I ask unanimous consent to have printed in the RECORD a table, "Summary of Selected Indicators of Physical Accomplishments."

There being no objection, the table was ordered to be printed in the RECORD, as follows:

# AGENCY FOR INTERNATIONAL DEVELOPMENT AND SOCIAL PROGRESS TRUST FUND

Summary of selected indicators of physical accomplishments (July 1, 1961–July 1, 1963), estimated

| Country             | Class-rooms built | Homes built | Number of books produced | Number of agricultural credit loans | Community water systems and wells | Hospitals and health centers | Number of people fed under Public Law 480, titles II and III |
|---------------------|-------------------|-------------|--------------------------|-------------------------------------|-----------------------------------|------------------------------|--|
| Argentina           |                   | 3,000       |                          |                                     |                                   |                              |  |
| Bolivia             | 500               | 110         | 750,000                  | 1,750                               | 9                                 | 3                            | 368,200  |
| Brazil              | 1,730             | 2,250       | 65,000                   |                                     | 152                               | 750                          | 3,433,000  |
| Chile               | 1,220             | 26,500      |                          | 40,000                              | 60                                | 24                           | 1,760,000  |
| Colombia            | 1,480             | 51,100      | 39,550                   | 17,000                              | 100                               | 86                           | 3,241,000  |
| Costa Rica          | 30                | 1,500       | 132,980                  | 10,200                              | 29                                |                              |  |
| Dominican Republic  | 80                | 1,300       | 300,000                  | 78,000                              | 10                                |                              | 431,000  |
| Ecuador             | 230               | 18          | 250,000                  | 10                                  | 18                                | 1                            | 330,000  |
| El Salvador         | 650               | 1,500       | 685,050                  | 5,150                               | 27                                | 7                            | 153,000  |
| Guatemala           | 1,430             | 2,750       | 56,000                   | 2,312                               | 8                                 | 7                            | 464,000  |
| Haiti               | 110               |             | 93,440                   | 350                                 |                                   |                              | 158,000  |
| Honduras            | 250               | 2,500       | 455,000                  |                                     | 27                                |                              | 123,000  |
| Mexico              |                   |             |                          | 3,000                               | 5                                 |                              | 2,547,000  |
| Nicaragua           | 60                | 1,240       | 130,000                  | 3,000                               | 2                                 | 18                           | 120,000  |
| Panama              | 347               | 3,760       | 276,000                  | 500                                 | 5                                 | 10                           | 236,000  |
| Paraguay            | 40                |             | 250,600                  |                                     | 141                               | 3                            | 254,000  |
| Peru                |                   | 25,960      |                          | 185                                 | 1                                 |                              | 1,205,000  |
| Trinidad and Tobago | 50                |             |                          |                                     | 2                                 |                              |  |
| Uruguay             |                   |             |                          |                                     | 1                                 |                              |  |
| Venezuela           |                   | 14,700      | 54,000                   |                                     | 85                                |                              |  |
| Jamaica             | 20                | 200         |                          |                                     | 13                                |                              | 223,000  |
| Surinam             |                   |             |                          |                                     |                                   |                              | 31,000   |
| Total (rounded)     | 8,200             | 140,000     | 4,000,000                | 160,000                             | 700                               | 900                          | 15,000,000   |

Mr. McGOVERN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I am glad to yield.

Mr. McGOVERN. I should like to associate myself with the remarks of the Senator from Minnesota relative to the personnel who are directing our AID program and those who have responsibility in the State Department.

I wonder if the Senator from Minnesota would turn his attention for a moment to another matter.

As the Senator knows, I was absent from the Senate last night on official business, speaking to a national agricultural meeting in Fargo, N. Dak., which for a long period of time I had been slated to address. This afternoon I was also slated to speak to a convention of wheat growers in Nebraska. I canceled that commitment in order to make a special flight back to Washington, because I had understood that the amendment of my senior colleague [Mr. MUNDT] would be pending this afternoon.

Can the Senator from Minnesota advise me as to the disposition of that amendment?

Mr. HUMPHREY. I express my gratitude to the junior Senator from South Dakota [Mr. McGOVERN] for returning to the Senate today. We knew he had a long-standing commitment and that it was an important commitment.

The Senator is a member of the Committee on Agriculture and Forestry, and if any one group in this country needs a little encouragement these days it is the farmers of America. They not only

get "kicked around" at home, but also they get "kicked around" in the Senate—not by the Senator from South Dakota or by myself, nor, I add, the Senator from Hawaii [Mr. INOUYE], whom I see in the Chamber, nor the Senator from New Jersey [Mr. CASE], nor the Senator from Indiana [Mr. BAYH].

The situation is as follows: Today the senior Senator from South Dakota [Mr. MUNDT] withdrew his amendment to the foreign aid bill, and introduced as a bill the substance of that amendment, as amended—to include not just grain, but also manufactured, processed, raw materials, and industrial products. The substance of the amendment, in the form of a bill, was referred to the Senate Committee on Banking and Currency.

The Senator may recall I said last night that what was being suggested by the senior Senator from South Dakota [Mr. MUNDT] was a major policy decision, and that we should not vote on it quickly or immediately, that it should go to an appropriate committee. I mentioned that it should go to the Banking and Currency Committee.

I am happy to say, after hours of discussion, since early this morning—and some of us have been working on this since 8:30 this morning—we were able to work out an understanding whereby the senior Senator from South Dakota [Mr. MUNDT] withdrew his amendment from the foreign aid bill and presented it in the form of a new bill, which was read and referred to the Committee on Banking and Currency. That committee will report not later than a week

from Monday next. It is expected that the committee report will be available to the Senate by November 25, and that we will debate whatever the action of the committee may be, on the 25th or the 26th, and hold a reasonably short, but we hope full, discussion upon the substance of the recommendations of the committee.

Mr. McGOVERN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. McGOVERN. Does not the Senator believe that if a move of this kind were made and approved by the Senate, it would have the effect of undercutting the entire negotiations now underway for the sale of wheat to Eastern Europe and to the Soviet Union?

Mr. HUMPHREY. I do. It is my view that this kind of precipitate action could jeopardize the entire wheat sales program, and might very well do so yet. Let me make it clear that I am not for the amendment in any way, shape, or form. I believe it is unwise and unnecessary.

Incidentally, the Export-Import Bank was established in 1934. It was established with the prime purpose in mind, at that time, to finance certain sales of goods to the Soviet Union.

The amendment which was offered last night by the senior Senator from South Dakota [Mr. MUNDT] was primarily directed toward the guarantee by the Export-Import Bank of certain credits made by private American banks to private American exporters who would be doing business with the Soviet Union.

I should like to make it clear once more that there is no business now. The Soviet Union has agreed to nothing. Frankly, I am doubtful there will be an agreement because we insist on making this business deal as difficult as possible. We are a nation of businessmen that does not want to do business.

I can imagine a car salesman in this situation. He would refuse to meet the customer. Then, when he did meet him, he would insult him. Then he would tell him he could not have time payments on the purchase of a car. Then he would tell him that his credit is no good. Finally, he would tell him he wished he had not come into the salesroom in the first place. If the automobile industry had to depend upon that kind of salesmanship, we still would be riding around in oxcarts or on horseback.

Mr. McGOVERN. I cannot imagine any move we could make that would be more of a cruel blow to American agriculture than to take steps to close the possibility of making these sales. Every other exporting country in the world is taking advantage of the opportunity to broaden its exports. If we back out of the negotiations or impose conditions that are so unreasonable that the negotiations fall through, we are not hurting anyone but our own farmers and our own exporters.

Mr. HUMPHREY. The Senator is correct. To show the Senator how ridiculous the situation is, our friends in Canada—and they are our friends, and I do not want my remarks to be inter-



puted as being critical at all; they are our friends and neighbors—sold feed grains to Poland. They sold those feed grains by financing them through banks in New York, with American money. The reason they were able to finance them through banks in New York was that Canada has an export credit guarantee program. Any nation that does any business of any consequence has an export credit guarantee program. The British, for example, sell large amounts of machinery to the Soviet Union and satellite countries. They sell it under an export credit guarantee program. A good deal of the machinery is financed here in the United States, with money out of our financial institutions, but the machinery is manufactured in Great Britain, providing jobs for workers in that country and profits for its industry. Why do the banks finance it? Because the British have an export credit guarantee program.

The Export-Import Bank has an export credit guarantee program for American industry. We are in a situation now in which, if any country in the world wants to sell to the Soviet Union, it can do so. The financing can be obtained in other countries of the world. Much of it will come from the United States. All that is necessary for a country to make a sale is to have an export guarantee program that satisfies a bank in the United States. But when it comes to selling anything from our own factories, from our own farms, financing it out of our own banks with an export guarantee program, we say, "No," according to the proposal of last evening by the senior Senator from South Dakota [Mr. MUNDT].

That is why some of us felt the question should be referred to committee, that we ought to take a good look at it, that a basic policy decision is being made.

The question before the world is whether cutting off sales to Russia and the satellite countries will break down the system in the Soviet Union. We have been trying to do that for 30 years, and it has not worked. Russia today is the second largest power in the world.

The other possibility is that through trade we may be able to ease some of the tensions in the world. This is what Chancellor Erhard said in Germany. I referred to his recent efforts. He is the Chancellor of the Federal Republic of Germany. He says that by trade we ease tensions; by trade we not only penetrate a market, we penetrate minds. By trade we may very well prevent a war and improve conditions of the free nations of the world.

The Germans have as big a stake in what the Russians are going to do as we have. The difference is that we have all the emotions, and they have all the business. We have the cost of defense, and they have the orders. And why? Because the Congress of the United States insists on acting this way. Whenever the President or the Commerce Department want to do something that approaches reasonable, normal business operations, somebody in Congress says we are soft on communism.

We have had many lectures from our friends in Europe about how we help the

Russians. They lecture us while they do business. Then we proceed to act politically, with the fear of certain political consequences because of a misunderstanding and misinformation about trade with the Soviet and satellite countries, and we literally cut off our nose to spite our face. That is what we are doing in this country. Many businesses have been moving out of the United States to Europe. American capital is leaving the United States and going to Europe. American companies are establishing subsidiaries there and doing business with countries behind the Iron Curtain. Every Senator knows I am speaking the truth. What we are doing is acting hypocritically. We are pretending these things do not happen. There is not a single American business which has a subsidiary in Western Europe that cannot do business with Bulgaria or Poland or Czechoslovakia or Rumania or the Soviet Union. They do not give away their goods; they sell them and get money for them—good, hard cash. Of course, credits are involved, but they are good commercial credits.

As the acting head of the Export-Import Bank told us this morning, as well as the representative of the Treasury Department, there has not been known to be one default by the Soviet Union on commercial credits and sales—not one.

Mr. McGOVERN. If the Senator will yield further, does not the Senator think it is rather strange reasoning that leads some people to believe that a Communist who is hungry is a more peaceful individual than one who has enough to eat?

Mr. HUMPHREY. It is peculiar and twisted reasoning to me. It also is peculiar and twisted reasoning to think that if we sold soft, perishable goods for hard currency, we are really strengthening the Soviet Union. The Soviet Union requires money, just as any other country does. Whether a country is Communist, Socialist, or capitalist, it takes so much money. There is only so much money to use and spend, because money is the measure of production. If she spent \$1 billion for food which was to be consumed by her people, it would be \$1 billion less she would have to spend on Sputniks or missiles or bombs or atom bombs. I wish we could sell them \$10 billion worth of food, because then I would know she would not be able to keep up her arms race. If the people are denied food, it does not make them more peaceful; it makes them more angry, more warlike and aggressive, and they have more money left over to make weapons. They know how to make weapons. They do not know how to produce corn or wheat, but they know how to produce bombs. I wish we would engage in a race, not to see who can build the biggest bomb, but, rather, who can produce the most food. We compete with them in an area where they have a chance of winning. I think we ought to compete with them in areas where they have no chance of winning; namely, food for peace.

Mr. McGOVERN. I think the suggestion made about the free advice we are getting from some Western European countries not to trade with the Soviet Union is a good point. On two different

occasions I noticed that Chancellor Adenauer told the United States we should not sell one bushel of wheat to the Soviet Union until she tears down the wall. He laid down other suggestions over a period of months. When we sold wheat to Germany, they turned it into flour and sold it to Russia. They did not ask for our consideration—it was just a good, solid business deal.

Mr. HUMPHREY. And the wall is in Germany. It is not in Minnesota or South Dakota. One would think he was as interested in trying to tear down the wall when they sold the flour as when we are getting ready to sell Russia wheat.

Mr. McGOVERN. It seems to me that what our competitors are saying is that the American farmers must be kept out of their market and leave it as the monopoly of other countries. I would hope, instead of the Senate making it harder and tougher for the American exporter to compete, it would move in the other direction. I would like to see some serious consideration given to relaxing some of our credit restrictions. I talked with some businessmen, some from the State of the Senator from Minnesota, some from my own State, and some from other parts of the Midwest, the other day, who were anxious to get more lenient terms of credit furnished to them which would make it possible for them to open up a mill in Costa Rica. I think that kind of arrangement is in the national interest, so that at a time when we know American agriculture is in trouble, when we have serious balance-of-payments problems, when we know our exporters are faced with tough competition, far from moving in the direction suggested by the senior Senator from South Dakota, we should be moving in the opposite direction.

I certainly hope the Senate will treat the proposal accordingly.

Mr. HUMPHREY. Mr. President, I thank the Senator. I can think of nothing which would be more helpful than to have 10,000 businessmen behind the Iron Curtain, to do business. First of all, they will show an example of an American democracy. That is what they will bring with them. They also will bring with them a tough mind, which is unafraid of communism or the bureaucrats they will meet there.

Instead of that, we permit other countries to take on this entire opportunity and responsibility. It is incredible to me that we are so blind. I am not critical of the Europeans for doing what they are doing and for saying what they are saying, because they know if they will just throw out a little more emotion, we will not see anything but hatred of communism. While we are seeing that, they are out doing constructive things in the economic sector. Therefore, when the former Chancellor, Chancellor Adenauer, to whom we owe a great deal as Chancellor, made the comments he made recently, I am sure he knew that this would fan the flames of emotion in America, and in the meantime the new Chancellor could make all kinds of arrangements and business deals.

If we want to be that stupid, we should not complain about the Europeans who have a little more "savvy."

Mr. President, the time is at hand to restudy and reexamine the entire East-West trade program.

I believe the time is at hand for us to be working with our NATO allies to find out what policy we will pursue. It is ludicrous, it is ridiculous for us to pursue one policy while our NATO allies are taking over all the business opportunities. This is a kind of self-imposed unemployment program for the United States.

I believe the time is at hand for the United States of America to reexamine what goods we can sell to our benefit, which will in no way increase the danger to our security, or increase in any way the strength of the Communist bloc countries.

We ought to tighten up on strategic goods and insist that our allies do the same, that we set some limitations or controls. We ought to ease up on consumer goods, however. I believe that the more consumer goods we can take into Eastern Europe, the more they are going to see the difference between their world and ours, between freedom and collectivism, between freedom and communism.

Mr. President, I have just been informed by a member of my staff that there seems to be some misunderstanding about the effect of the bill introduced today by the senior Senator from South Dakota [Mr. MUNDT].

The senior Senator from South Dakota was very clear, when he introduced the bill, about the purpose involved and its effect and its application.

Therefore, let me say that the bill is not retroactive in any respect. As the senior Senator from South Dakota made clear in his colloquy, it does not apply to the Hungarian credit guarantees which have been approved or committed by the Export-Import Bank; nor does it apply to credits that are guaranteed by private banks.

As I indicated in my colloquy with the senior Senator from South Dakota, the bill applies only to those transactions which the Export-Import Bank has not approved or committed itself to approval, either orally or in writing, of export credit guarantees. It is my understanding that the Export-Import Bank has made such commitments with regard to sales to Hungary under export licenses issued through last night.

That is the understanding we had. If the business community needs to examine this question once again, I suggest it call the Export-Import Bank, or the majority leader, or the minority leader, or the Senator from South Dakota, or read the CONGRESSIONAL RECORD.

#### THE SENATE LEADERSHIP

Mr. INOUE. Mr. President, it is with great distress, and at times with extreme sadness, that I have noted the recent outpourings of the press and professional commentators criticizing the majority leadership of our Senate. Speaking as one who has been involved in political activity long enough to realize that politicians always seem fair

game, I know that we must expect some degree of criticism from time to time, whether such be justified or not. That seems to be the nature of the political process in this and any other country with so proud a history of freedom of expression.

But the nature of the political process, which places a premium on freedom of expression, has also been characterized by a proportionate emphasis on personal responsibility. This is the hallmark of the open society. It seems that some of us have failed to realize this in the intemperate criticism directed against the Senate leadership.

As freedom of expression and personal responsibility have been symptomatic of the open society, an examination of the pathology of the closed society in our time discloses an unquenchable thirst for a scapegoat whenever there appears to be no rational solution to perplexing and continuing problems. This malaise has lately shown how it can begin to make inroads as we face the seemingly insoluble problems confronting us during the closing weeks of this session of Congress. We cannot afford this ennui because we cannot be deterred from the tasks facing us and the Nation.

I do not believe that I need to defend Senator MANSFIELD. Neither do I think that he needs to defend himself. If he had wished to do so, I have no doubt that the Senate would have been privileged to hear rare eloquence and logic.

However, as a Member of the Senate, I feel compelled to speak because the criticism presently being directed at the Senate leadership also reflects upon the Senate as a whole. There is no single person entrusted with all the duties and responsibilities of leadership. If anything, ours is a collective leadership with the assistant majority leader, the various chairmen of Senate committees—all who share in the responsibilities of leadership. As a matter of fact, every Senator is a leader in his own right and rightfully so. Because of this, if Senator MANSFIELD deserves the recent spate of criticism, we equally deserve it and should share it. If we do not deserve it ourselves, then I firmly believe that he certainly does not.

After the last few days of reflection, I am convinced that precipitate criticism of the Senate leadership has increased because of prolonged and often frustrating discussion on the foreign aid bill. This ordeal by debate has tested, and at times bested, our known capacity for such indulgence.

Although my record on votes will indicate that I have consistently supported the position of the administration and the Senate Foreign Relations Committee on this matter, I wish to go on record as opposing any attempt to resort to pressure and "steamroll" the foreign aid bill through the Senate. It is in this connection that I believe the Senate leadership has shown its true mettle. Senator MANSFIELD has done an irreproachable job in assuring a hearing to every Senator's views. If he had done otherwise and dictatorially forced through the bill, then I would have had to agree with his detractors. But such, thank God, has not

been the case. He has shown extreme tact, fairness, and, I must add after the events of the past fortnight, exemplary forbearance. These are the gifts of a leader of men, but not of mobs.

But these are the gifts of a leader of free men which are being criticized. These are the qualities which are being called dilatory. But tact, fairness, and forbearance are necessary to free and open discussion. And free and open discussion is indispensable in the democratic process.

Question these qualities, and we actually question the integrity and sincerity of those of us who have debated this issue and proposed various amendments. Criticize these qualities, and we criticize not only the right but the responsibility of those Senators who believe their course is correct. After all, not a single one of us is the sole depository of all wisdom.

Many of the proposals of the past month or two have been controversial. The almost interminable discussions on the foreign aid bill have sometimes resulted in an injudicious choice of words. The net result has been the unsettling of heretofore amicable relations on the floor. Senator MANSFIELD, in my opinion, has been very effective in salving nerve ends being irritated by the inexorable passage of precious time toward the end of the year. And as the new year and the new session face us, we tend to forget the scholarly brilliance of a man who has been successful in shepherding many bills through the Senate and pay increasing attention to the daily reams of newspaper print calling Congress to task. To some, what is past in the Senate is not necessarily prolog but grist for the columnist. Even the severest of his critics must agree that Senator MANSFIELD is an honorable man and a truly good man in the best sense. He is a kind, generous, and understanding human being. In my eyes these are the sources from whence flows the strength necessary for effective leadership.

I am sure that when the last page of the record of the 88th Congress is completed, it will undoubtedly show that it was a successful legislative session conducted during a most trying period in our Nation's history and led by a Senator deeply committed and sensitive to the traditional safeguards of a society designed to enable majority rule while preserving minority rights.

It has been my privilege and honor to follow the Senate leadership for the past 11 months. It is my hope that I have the opportunity of continuing to do so for many more years to come. I have searched the annals of the Senate and have come up with very few other leaders equal to our most distinguished Senator from Montana.

Mr. HUMPHREY. Mr. President, will the Senator from Hawaii yield?

Mr. INOUE. I yield.

Mr. HUMPHREY. I thank the Senator from Hawaii for what he has said in this message. I knew this was in his heart. I knew this was his personal conviction. I am confident the majority leader will be most grateful for the words of support, of respect, and of admiration



which the Senator has expressed today. The Senator has not spoken mere words; as the Senator from Hawaii demonstrates by his actions, here and everywhere else, he means what he says.

While we have heard much criticism about the work of the 88th Congress, some persons forget that this Congress has been faced with some of the toughest decisions any Congress has had. If the Senate had done nothing else but ratify the nuclear test ban treaty, that was a singular achievement, because it dealt with the very security of this country. We spent 6 weeks in hearings on that treaty, and then many days of debate.

We have averted a railroad strike that could have tied up the Nation and cost the country billions of dollars. The senior Senator from Minnesota can speak of this. Dozens of times I attended meetings dealing with these crucial matters.

Every once in a while I read in the press that we have not been doing anything. Perhaps 16 hours a day of hard work is not doing anything; but it seems to me that it is a rather heavy load. I might add that the duties of a Senator are not merely in committee or on the Senate floor. The distinguished junior Senator from South Dakota [Mr. McGovern] mentioned to me a moment ago that he had been called out to a very important meeting in the Dakotas to explain legislation. He was asked to go to Nebraska to explain his wheat bill and other procedures relating to wheat legislation to the wheat growers of that State. All this is a part of the legislative process. It is a part of our duty—not necessarily the most relaxing part—to stand before an audience and explain bills.

I am convinced that when the 88th Congress closes its book, the record in that book will be outstanding. I compare it now, and will compare it when we complete our work, with the record of the 63d Congress, the first Congress of Woodrow Wilson's administration, a Congress that enacted the Federal Trade Commission Act and the Federal Reserve System, to mention merely two important pieces of legislation.

The 88th Congress has already passed important legislation. This Congress will have done more for education than any other Congress in the history of the United States. This Congress passed the greatest mental health program ever sponsored or enacted by any nation, any time, anywhere in the world. We have passed a bill providing aid to medical education.

I have a complete report of the work which this Congress has accomplished thus far. We are now approaching the end of only the 1st session of the 88th Congress.

One would think when he read the newspapers that when December 31 came, the world would stop; that all the reporters would say, "Stop, world; we want to get off."

We will be here in January—the Lord willing—and some of the same bills will be before us, bearing the same numbers, and we will take action on them. We will pass a tax bill. It will be made effective as of January 1. It would have

become effective January 1 if we had passed it in October. But if we pass it in March or in April, it will become effective as of January 1.

We will pass civil rights legislation. We should have passed it sooner. But there are 537 Members of Congress, and all of them do not agree.

We will pass wilderness preservation legislation, area redevelopment legislation, youth employment legislation, and extended Peace Corps legislation.

Consider what we have done in the field of defense, military construction, and Securities and Exchange Commission reforms. I become a little tired of reading in the newspapers that we do not do anything. I do not think that is the way to get people to do constructive things. People should not be told that they are failures.

I am a family man. If I kept telling my youngsters every day, youngsters who are growing up to young manhood and young womanhood, "You are a failure. You are no good. You do not do anything," they would soon lose their love and respect for me; and perhaps, unfortunately, they might well believe what they had been told—that they were failures.

Frankly, since we are talking about improvements, I think journalism could be improved. Radio and television could be improved. The moral and ethical tones of those facilities could be improved. Many areas of life could be improved.

Congress needs to be improved, of course. I am one who believes it needs new rules and some reform in terms of its institutions. We need not go into that subject here.

What the Senator from Hawaii has said surely needs to be said. I saw the majority leader lead today. I was in room S-208 for more than an hour and a half this morning—almost 2 hours. I saw the majority leader come into that room, as I have seen him on other occasions after he had exhausted his patience—and he is the most patient man I have ever met or have ever known.

He said, "We are going to act." He did not get it into the newspapers. He did not call a news conference and say, "I told them we are going to act." He simply came to the floor of the Senate and resolved a difficult problem in the foreign aid bill, the debate on which appeared last night as though it might last for days.

I am delighted that the Senator from Hawaii [Mr. INOUE], whom I consider to be one of the outstanding Members of this body and one of the truly outstanding citizens of our country, has spoken as he has today. I consider it a rare privilege to be included in his circle of friends.

Mr. INOUE. The Senator from Montana [Mr. MANSFIELD], has to his credit an imposing list of accomplishments at this session. Does not the Senator from Minnesota believe that he can take some glory and credit for those accomplishments?

Mr. HUMPHREY. If the majority leader has to take the blame for what we

do not do, he ought to get the credit for what we do.

Mr. INOUE. That is only fair.

Mr. HUMPHREY. If one has to take the blame for error, he ought to be given credit for the truth.

The majority leader has a fine record. It is an honor and a privilege to work alongside him. Perhaps I have an opportunity to know him a little better than many men do. His loyalty as a Member of this body, his loyalty to his convictions, to his Nation, and to the processes of our Government, is such that every one of us could well emulate him.

He does not use the sledge-hammer technique; but he does use the technique of persuasion, encouragement, admonition, and, when he needs to, the shillelagh—for I wish to testify that this morning about 14 Senators were in the majority leader's woodshed, and he had out the shillelagh; and let me tell the Senate that he knows how to use it when it is needed, and it worked.

Mr. INOUE. I thank the Senator from Minnesota for his valuable contributions and his gracious words.

#### RECESS TO MONDAY, AT NOON

Mr. HUMPHREY. Mr. President, I have consulted with the acting minority leader, the Senator from New Jersey [Mr. CASE], as to whether there is any further business for today for Senators on his side of the aisle. We understand that there is not.

Therefore, Mr. President, I now move that, in accordance with the previous order, the Senate stand in recess until Monday next, at noon.

The motion was agreed to; and (at 5 o'clock and 2 minutes p.m.) the Senate took a recess, under the order previously entered, to Monday, November 18, 1963, at 12 o'clock meridian).

#### CONFIRMATIONS

Executive nominations confirmed by the Senate November 15 (legislative day of October 22), 1963:

##### U.S. ARMY

Lt. Gen. Robert William Porter, Jr., O18048, Army of the United States (major general, U.S. Army), for appointment as indicated, under the provisions of title 10, United States Code, section 711; to be senior U.S. Army member of the Military Staff Committee of the United Nations.

The following-named officers for temporary appointment in the Army of the United States to the grades indicated, under the provisions of title 10, United States Code, sections 3442 and 3447:

##### To be major generals

Brig. Gen. Robert Howard York, O21341, Army of the United States (colonel, U.S. Army).

Brig. Gen. Harry William Osborn Kinnard, O21990, Army of the United States (lieutenant colonel, U.S. Army).

Brig. Gen. Charles Edward Johnson 3d, O19534, U.S. Army.

Brig. Gen. George Paul Sampson, O42926, U.S. Army.

Brig. Gen. William Carl Garrison, O30144, U.S. Army.

Brig. Gen. John Graham Zierdt, O20632, Army of the United States (colonel, U.S. Army).

**To be brigadier generals**

Col. Harry George Woodbury, Jr., O21432, U.S. Army.

Col. Paul Alfred Feyerelsen, O39089, Army of the United States (lieutenant colonel, U.S. Army).

Col. Byron Ludwig Steger, O19661, Medical Corps, U.S. Army.

Col. Robert Mabry Williams, O21801, Army of the United States (lieutenant colonel, Judge Advocate General's Corps, U.S. Army).

Col. George Bibbs Pickett, Jr., O23932, Army of the United States (lieutenant colonel, U.S. Army).

Col. Richard George Ciccolella, O34117, Army of the United States (lieutenant colonel, U.S. Army).

Col. Charles Allen Corcoran, O31721, Army of the United States (lieutenant colonel, U.S. Army).

Col. Livingston Nelson Taylor, Jr., O21853, Army of the United States (lieutenant colonel, U.S. Army).

Col. John Keith Boles, Jr., O22025, Army of the United States (lieutenant colonel, U.S. Army).

Col. Joseph Schuyler Hardin, O23126, Army of the United States (lieutenant colonel, U.S. Army).

**U.S. AIR FORCE**

The following-named officer to be placed on the retired list in the grade indicated, under the provisions of section 8962, title 10, of the United States Code:

**To be lieutenant general**

Lt. Gen. Troup Miller, Jr., 559A (major general, Regular Air Force), U.S. Air Force.

The following-named officer to be assigned to a position of importance and responsibility designated by the President in the grade indicated, under the provisions of section 8066, title 10, of the United States Code:

**To be lieutenant general**

Maj. Gen. Hewitt T. Wheless, 1609A, Regular Air Force.

**U.S. MARINE CORPS****To be lieutenant general**

Maj. Gen. Leonard F. Chapman, Jr., U.S. Marine Corps, having been designated, in ac-

cordance with the provisions of title 10, United States Code, section 5232, for commands and other duties determined by the President to be within the contemplation of said section, for appointment to the grade indicated while so serving.

Maj. Gen. Victor H. Krulak, U.S. Marine Corps, having been designated, in accordance with the provisions of title 10, United States Code, section 5232, for commands and other duties determined by the President to be within the contemplation of said section, for appointment to the grade indicated while so serving.

The following-named officers of the Marine Corps Reserve for permanent appointment to the grade indicated:

**To be major general**

Walter A. Churchill.

**To be brigadier general**

Richard A. Evans.

Robert B. Bell.

**U.S. NAVY**

Vice Adm. William R. Smedberg III, U.S. Navy, for appointment to the grade indicated:

Vice admiral on the retired list pursuant to title 10, United States Code, section 5233.

Rear Adm. Charles C. Kirkpatrick, U.S. Navy, for appointment as indicated:

Chief of Naval Personnel, for a term of 4 years, pursuant to title 10, United States Code, section 5141.

**To be vice admirals**

Rear Adm. Charles C. Kirkpatrick, U.S. Navy, having been designated, under the provisions of title 10, United States Code, section 5231, for commands and other duties determined by the President to be within the contemplation of said section, for appointment to the grade indicated while so serving.

Rear Adm. Wallace M. Beakley, U.S. Navy, for appointment to the grade indicated on the retired list, pursuant to the provisions of title 10, United States Code, section 5233.

Rear Adm. Leonidas D. Coates, Jr., U.S. Navy, for reappointment as indicated:

Chief of Naval Research in the Department of the Navy for a term of 1 year.

The following-named officers of the Naval Reserve for temporary promotion to the grade indicated, subject to qualification therefor as provided by law:

**LINE****To be rear admiral**

Richard D. Adams

**CIVIL ENGINEER CORPS****To be rear admiral**

Edward H. Gessner

The following-named officers of the Naval Reserve for permanent promotion to the grade indicated.

**LINE****To be rear admirals**

Harry R. Canaday

William C. Hughes

**MEDICAL CORPS****To be rear admirals**

Raymond T. Holden

Hugh Warren

Donald E. Hale

**SUPPLY CORPS****To be rear admiral**

Edward J. Costello, Jr.

**DENTAL CORPS****To be rear admiral**

Samuel S. Wald

**IN THE ARMY**

The nominations beginning Gordon L. Smith to be lieutenant colonel, and ending LeRoy F. Foreman to be first lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on October 29, 1963.

**IN THE AIR FORCE**

The nominations beginning William M. Redmond to be major, and ending Peter J. Wolfe to be second lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on October 30, 1963.